

BP Plans \$53 Billion Acquisition Of Amoco

Partners Seek to Rival Oil Giants in Biggest Deal for U.S. Company

By Tom Buerkle
International Herald Tribune

LONDON — British Petroleum PLC agreed to buy Amoco Corp. for about \$53 billion in stock and assumed debt Tuesday in a move aimed at creating a third global oil giant with the resources to compete head-to-head with Royal Dutch/Shell Group and Exxon Corp.

The deal, if completed, would be the biggest industrial acquisition ever and the largest foreign purchase of an American company, exceeding Daimler-Benz AG's recent agreement to buy Chrysler Corp. for \$44 billion.

BP and Amoco executives said that the production capacity and geographic presence of the two companies were complementary, and that their combined financial muscle would enable them to compete more effectively for expensive new oil and gas projects in places like the Caspian Sea and Siberia, where many experts believe that the industry's future lies.

"We found we could do more together than either of us could do separately," said Sir John Browne, the chief executive of BP, who will hold the same position at the new company, BP Amoco.

Larry Fuller, chairman and chief executive of Chicago-based Amoco, said the combination would create "a platform from which we will grow to a position of clear industry leadership."

Mr. Fuller will become co-chairman of the combined company along with Peter Sutherland, the chairman of BP.

The combination is subject to approval by shareholders of the two companies and will almost certainly come under regulatory scrutiny in the United States and Europe for its potential impact on competition in the oil and petrochemical industries.

The announcement coincided with a fresh fall in oil prices to the lowest levels in nearly 10 years, as North Sea Brent crude fell 36 cents, to \$11.55 a barrel, on the International Petroleum Exchange in London.

But far from discouraging potential acquirers, analysts said, the low oil price might inspire takeovers by deep-pocketed oil giants seeking the cost savings that mergers can provide, convinced that prices will eventually recover because of a recent agreement on production cutbacks by the Organization of Petroleum Exporting Countries.

"I'm sure Mobil, Arco, Chevron and Texaco will have a look at each other," said Alan Marshall, an analyst at Robert Fleming in London.

Sir John of BP acknowledged that oil prices had played a role in the deal. "At times of deflating oil prices, you have to focus on cost and productivity," he said.

The combination would create cost-savings totaling some \$2 billion a year by the year 2000, the companies said. They expect to shed around 6,000 jobs from a combined global payroll of 99,000.

BP said it expected to cut about

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Dresdner Bank Deal For PaineWebber?

Dresdner Bank AG of Germany, eager to make its mark on Wall Street, is holding "intensive" negotiations to buy the PaineWebber Group Inc. investment house, a German business newspaper reported Tuesday. The price tag, estimated as high as \$10 billion, was said to be the major obstacle. Page 11.

In a Crisis, Clinton Is His Mother's Son

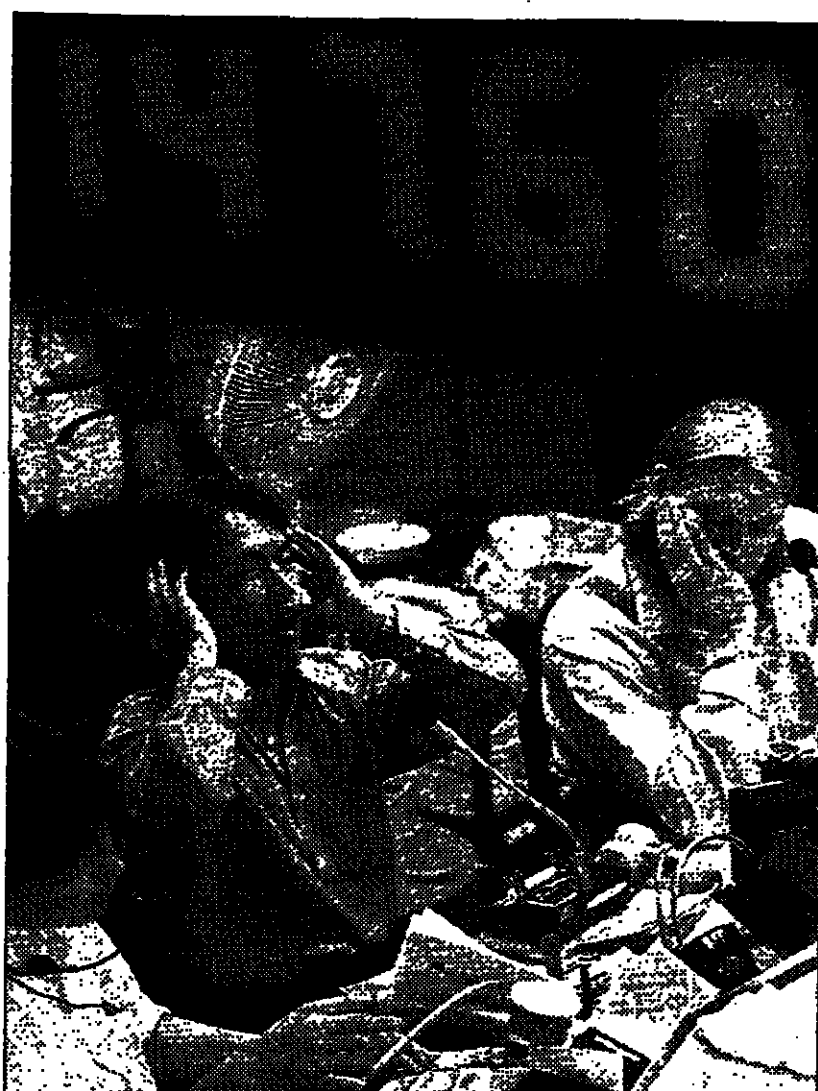
As Usual, President Pastes on His Sunny Face and Plunges Into the Crowd

By John F. Harris
Washington Post Service

CHICAGO — Virginia Cassidy's son has hit the road, acting like a man with no more than the usual cares,

Newsstand Prices

Andorra	10.00 FF	Lebanon	11.3000
Antilles	12.50 FF	Morocco	16 DH
Cambodia	1.600 CFA	Oman	10.00 QR
Egypt	5.50 FF	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mail (Eur.)	\$1.20



Traders in Tokyo tracking the yen's decline as global markets sank.

Global Markets Tremble

Yen's Fall Sparks Fears of Further Devaluations

By Mitchell Martin
and Thomas Fuller
International Herald Tribune

NEW YORK — Stock prices around the world slumped on Tuesday, driven down by fears of a new round of Asian currency devaluations and its potentially corrosive effect on corporate profits.

The catalyst for this latest bout of weakness was a decline in the value of the yen, which some analysts said reflected bets against the Japanese currency by large hedge funds. In 4 P.M. New York trading, the dollar was at 147.365 yen, up from 146.250 Monday.

"The market may be weak but when you have this kind of regional sell-down there has to be huge forces behind it," said Guonan Ma, head of Asia-Pacific economic research in Salomon Smith Barney's Hong Kong office.

"If the sell-down continues much further, Asia's recovery may not be forthcoming in the next two years. It's a huge tragedy for the entire region," he said.

The weak yen reduces the price of Japanese exports relative to those of other Asian countries. What worries investors around the world is that China will be obliged to devalue its yuan in response, even though Beijing has vigorously denied it would do so and has vowed to maintain the Hong Kong dollar's peg to the American currency.

Yet worries about a potential Hong

The Dollar		
New York	Tuesday 8:4 P.M.	previous close
DM	1.7814	1.7755
Yen	147.365	146.25
FF	5.9705	5.9525
Pound	1.6325	1.636
Dollars per point		
The Dow		
Tuesday close	percent change	
-112.00	8,462.85	-1.31%
S&P 500		
-14.16	1,068.98	-1.31%
Nasdaq		
-48.51	1,792.70	-2.53%

Kong devaluation were evident in the 3.62 percent drop in the Hang Seng index, one of the worst declines in Asia. Among other major Pacific markets, only Malaysia and the Philippines did worse on Tuesday, with their key indexes falling 5.26 percent and 3.82 percent, respectively. In Tokyo, the Nikkei 225 gauge was off just 1.4 percent.

Still, those falls weighed on later trading in Europe and the United States, and investor confidence was further shaken by false rumors of an Indonesian bond default and by a massive decline in

Russian stock prices.

West European indexes were down in a range of about 2.5 percent to 3.5 percent. The major North American averages showed similar losses in late trading, while the declines in Latin America were roughly twice those levels. The Dow Jones industrial average fell as much as 258 points during the day. With that drop, the blue-chip index gave up all the ground it recovered since its 3.4 percent tumble a week ago. But the Dow pared its losses to close 112.00 points lower at 8,462.85.

The Treasury bond market was higher as investors sought a haven from sliding equities. The 30-year bond rose 8/32 point, to 107 13/32, reducing its yield slightly to 5.61 percent from 5.62 late Monday.

Heydon Traub, principal of global active strategies at State Street Global Advisers in Boston, said the Asian economies were enduring a depression that would take about two years to end and would exert downward pressure on stocks all around the world. "Given all the problems in the world, especially in Asia and in emerging markets overall, it is likely that we haven't seen the bottom. Probably it will go lower before we reach new highs again."

Mr. Traub said the effects of last summer's currency collapses in Asia were translating to reduced corporate

See MARKETS, Page 13

Kenya Survivor's Lifeline: 'Courage of the Mind'

By Stephen Buckley
Washington Post Service

NAIROBI — When the scrap-metal dealer Samuel Nganga came to, he lay bloodied and breathless near a collapsed staircase, his left leg snapped in two places.

He lay there in the blinding dark, three to four feet of space around him, hemmed in by walls of fallen stone and steel. He feared the rubble would crush

him any second. Just minutes earlier, he had been standing in an office building, discussing orders with a couple of businessmen.

Now, he cried out for the others — but the only reply was silence.

It would be 36 hours before rescuers could gently extricate Mr. Nganga from a tangle of mangled concrete and steel and wood that had once been the five-story Ufundi Cooperative Building, adjacent to the U.S. Embassy here.

By then, Mr. Nganga, 48, knew that something devastating — and deadly — had brought the building down on him.

He did not know that the Friday morning bomb blast would kill more than 200 people, including scores at Ufundi House, as it is called here.

Most important to him, he knew his own courage and presence of mind had combined with the skills of an Israeli Army rescue team to save his life.

"The courage of the mind is greater than the body," Mr. Nganga said Monday at a news conference in his hospital room. "I never gave up hope."

His face bore stitches closing a five-inch-long gash that bulged down the center of his forehead.

An intravenous tube ran to his left hand, while his bandaged left leg, held together by pins and a cast and covered

See SURVIVOR, Page 8

CIA Thwarted 5 Plots in '97, But Terrorists Adjust Quickly

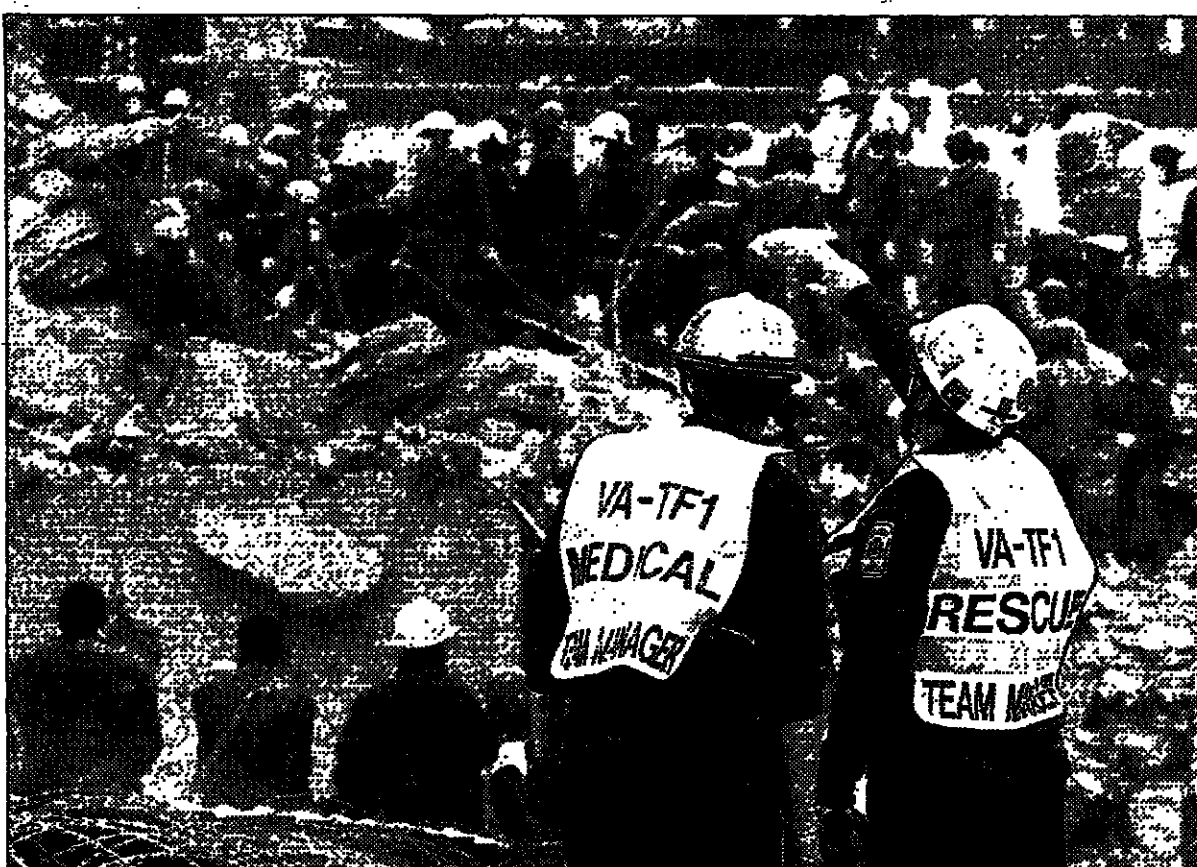
By Walter Pincus
and Vernon Loeb
Washington Post Service

WASHINGTON — CIA operatives foiled two attacks on U.S. embassies last year in advanced stages of planning and disrupted three other incipient plots after infiltrating terrorist cells and by monitoring and intercepting communications, according to administration and congressional sources.

In the wake of twin terrorist bombings of U.S. embassies last week in Kenya and Tanzania, the sources refused to provide details about the locations of the intended targets of the 1997 attacks, or how they were uncovered and undone, for fear of tipping off terrorists to U.S. intelligence-gathering capabilities.

But the sources suggested Monday that intelligence successes, both in preventing embassy attacks and aiding in the arrest of more than 40 suspected terrorists since 1993, may have contributed to the decision by whoever was behind the bombings Friday to pick the embassies in Nairobi and Dar es Salaam, Tanzania, both of which were deemed low security risks by the State Department.

The prevention of the two more ad-



U.S. rescuers sifting the rubble near the U.S. Embassy in Nairobi on Tuesday as the death toll rose to 224.

vanced plans aimed at U.S. embassies was first disclosed to Congress last year by the CIA director, George Tenet. He gave no further details and did not mention the three other plots unraveled by his agency and cited by officials Monday.

The two more advanced plots,

sources said, did not involve embassies in Africa.

"If you go beyond the target of embassies to American facilities and personnel," Representative Porter Goss said, "it is a very long list of bad things that have been prevented from happening by good intelligence that

was properly acted on." The Florida Republican is the chairman of the House Select Committee on Intelligence and a former CIA case officer.

Robert Oakley, a former State Department coordinator for counterterror-

See EMBASSIES, Page 8

Confidence Evaporates As Sell-Off Hits Russia

By Michael Wines
New York Times Service

MOSCOW — The Russian equity and debt markets were swept along in a global economic downdraft on Tuesday, and by the end of trading, both stocks and government bonds were selling near historic lows.

The drop prompted some analysts to wonder how the Russians, already embarked on an all-out effort to avert bankruptcy, will be able to rebuild the confidence of the world financial markets that seem to have written them off.

The main index of Russian blue-chip stocks sank 9.5 percent, roughly the same as on Monday, to their lowest level since May 1996.

The index is now down 72 percent for the year, with 17 percent of that decline coming in the last two days.

Bonds fared even worse, with so-called PRINs — old Soviet-era debt, repackaged after the fall of communism — falling to their lowest prices ever.

The Russian ruble edged achingly close to an exchange rate of 6.3 to the dollar, above the informal trading range the government has said it wants to maintain.

The yield on Russian GKO's, the equivalent of U.S. Treasury notes, approached 80 percent for three-month maturities and 140 percent for nine-month maturities.

Trading was suspended for 45 minutes late in the session, when losses exceeded those allowed under trading rules. There was a slight rebound after trading reopened.

The levels had not been seen since early July, before the International Monetary Fund assembled the \$22.6 billion loan package that was supposed to calm investors' fears about Russian financial stability.

Whatever else the loan package has done — and it clearly bought the gov-

See RUSSIA, Page 8

AGENDA

Israel Eases View On Nuclear Talks

Under U.S. pressure, Israel has dropped its opposition to talks on a world treaty to prohibit the production of the fissile materials plutonium and enriched uranium, essential to make nuclear warheads and bombs. But the mere announcement did not mean that Israel would go along with such an international treaty and let international inspectors examine its nuclear weapons program. Page 8.

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Virtual Riots in Malaysia

Police Detain 2 Over Spreading Internet Rumors

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Malaysian police on Tuesday detained two people suspected of spreading rumors over the Internet in a case that officials say highlights the fear of racial and social strife in a country battling its worst economic crisis in at least a decade.

The two suspects, a man and a woman whose names were not released, are accused of spreading rumors about riots in the Malaysian capital late last week. They have been detained under the Internal Security Act, which allows the state to hold suspects without trial for indefinitely renewable periods of 60 days.

In what could be the first case of imprisonment on charges of alleged Internet rumor-mongering, the two detained suspects are accused of causing what might be called a virtual riot.

Rumors spread throughout the country Friday via electronic mail messages and Internet "discussion groups" that violence had erupted in a poor neighborhood of Kuala Lumpur.

According to the rumors, Indonesian immigrants armed with machetes — and fearing forced repatriation to their crisis-torn country — had taken to the streets.

In fact, the riots never occurred. Thousands of people were said to have received the messages, and hundreds more participated in the discussion groups — which are forums open to all Internet users and often specific to one subject.

It is unclear how police traced the e-mail messages to the suspects or where the rumors first appeared.

As the rumors spread Friday, so did panic. Office workers in skyscrapers

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THE AMERICAS

Independent Counsels: A 2d Look

Some Former Prosecutors Favor Revising Law Before Its Renewal

By Todd Purdum
New York Times Service

NEW YORK — They are a rarefied roster of not quite two dozen, the men and women who have served as independent counsels investigating high government officials over the past 20 years. They have delivered into accusations of everything from cocaine use by a senior White House aide to perjury, influence-peddling and favor-trading, and have produced decidedly mixed results, from no indictments to convictions to reversals on appeal.

Some of them have been harshly criticized for taking too long, spending too much or seeking to criminalize conduct that is rarely prosecuted.

But as Kenneth Starr's investigation of President Bill Clinton has moved from scrutiny of a tangled real estate investment to intimations of intimacy with an intern, the law that created independent counsels has come under attack as almost never before.

Interviews in the last week with seven of the people who have held the job since that law — the Ethics in Government Act of 1978 — was adopted in the wake of Watergate have produced broad consensus that the statute was needed but might have to be overhauled if it is to be renewed by Congress when it expires next year.

The former counsels were unanimous on one point: All were glad to have served. But a majority also said that as currently written, the law covered too many officials and too many potential acts of wrongdoing and left the attorney general too little discretion about when to invoke it.

"It should be limited to activities that occur in office," said Lawrence Walsh, who spent six years and \$40 million investigating the Iran-contra affair and whose suggestions for changes were among the most sweeping. "It should be limited to misuse of government power

and should not include personal mistakes or indiscretions. The enormous expense of an independent counsel's investigation and the disruption of the presidency should not be inflicted except for something in which there was a misuse of power. That's not out of consideration for the individual; it's out of consideration for the country."

And while the former counsels generally declined to comment on Mr. Starr's investigation, virtually all of them also said that wide experience as a criminal prosecutor or a defense lawyer — experience that Mr. Starr does not have — should be a requirement for the job.

Whitney North Seymour Jr., who won a perjury conviction against Michael Deaver, a former top aide to President Ronald Reagan who was accused of lying about his lobbying activities after leaving office, said he believed strongly in the concept of an independent counsel.

"However," Mr. Seymour said, in comments generally echoed by his colleagues, "appointments to that position should be limited to lawyers with proven good judgment and extensive prior experience in gathering admissible evidence, developing corroboration and satisfying the trial standard of reasonable doubt."

Since an independent counsel was appointed in 1979 to investigate accusations that Hamilton Jordan, President Jimmy Carter's White House chief of staff, had used cocaine at a nightclub — a case that ended with no indictments — there have been a total of 20 independent-counsel investigations.

One investigator, Robert Fiske Jr., was appointed by Attorney General Janet Reno in 1994, at a time when the law had expired, but he had essentially all the same powers. He was replaced four years ago last week by a three-judge federal panel that chose Mr. Starr instead.

Five investigations of Clinton administration officials, including Mr. Starr's, are pending, and Ms. Reno remains under intense pressure to ask the judicial panel for yet another prosecutor, to look into campaign finance abuses.

A common theme in the remarks of the seven former counsels who agreed to be interviewed was the momentous power and isolation of the job, a parallel universe of solitude and solemn responsibility.

"In terms of individual power, I never had anything like this," said Mr. Walsh, who had served as a federal district judge and, in the Eisenhower administration, deputy attorney general. "Night after night, I'd wake up in the middle of the night. I kept a notebook by my bed, and the only way I could get back to sleep was to write down whatever was bothering me. I'd worry about my travel expenses, thinking, 'This is going to seem very high.'"

Scholarly critics of the independent counsel law, including a Supreme Court justice, Antonin Scalia, have argued that it creates built-in incentives for prosecutors to pursue evidence and avenues of inquiry that law-enforcement officials might otherwise decide were never likely to bear fruit.

The incentives: simply the intense political pressure and public scrutiny that surround any appointment, and the requirement that the prosecutor produce a detailed public report justifying the findings.

That concern was also common among the former prosecutors themselves.

"There ought to be some way to limit the ability of an independent counsel to expand his or her investigation, to keep their eye on the original target they were initially appointed to investigate," said James McKay, whose conviction of Lyn Nofziger, a former Reagan aide charged with violating ethics laws on lobbying, was overturned on appeal after an inquiry that lasted 14 months and cost \$3 million.

"When you think of how the Starr investigation started with Mr. Fiske and Whitewater and now what's become of it," he said, "it just seems that there should be some way to have prevented that from occurring."

Joseph Di Genova, who ultimately brought no charges after a three-year, \$2.2 million investigation into accusations that senior Bush administration officials improperly sought information from Mr. Clinton's passport files during the 1992 campaign, was the sole former prosecutor to condemn the law altogether. He said it should not be renewed.

"All of the usual governors, both legal and practical, are absent, because of the special nature of the statute," he said, arguing that once the law is invoked, prosecutors are forced to bring "an unnatural degree of targeted attention" to the case.

Mr. Fiske, who like Mr. Walsh and Mr. Di Genova, argues that any law should cover investigation of only the president, the vice president and the attorney general rather than the 75 or so senior government and party officials now automatically covered, also worries about the potential for abuse.

"Once the person is selected, it's like recalling a missile," Mr. Fiske said. "You can't recall it, and it's kind of unguided, except by its own. And so all these things are judgment calls."

One of the former prosecutors, who spoke only on the condition of anonymity, said that the law was sound as written and that complaints that it invited prosecutorial vendettas were overblown.

Similarly, another former independent counsel, Alexia Morrison, said that the law did not need any major changes.

"There's been a very successful campaign to lay faults at the foot of the statute when in fact it is conduct that got us here," she said.

It was Ms. Morrison's investigation into whether Congress had been misled by the Reagan administration in a dispute over toxic waste cleanup that led to the 1988 Supreme Court ruling upholding the independent counsel law.

And though she ultimately brought no charges after a 30-month, \$1.5 million investigation, she said the result still enhanced the public's confidence that nothing had been covered up.



NEW PRESIDENT IN ECUADOR — Jamil Mahuad speaking at his swearing-in ceremony in Quito, as other South American leaders — from left, Rafael Caldera of Venezuela, Andres Pastrana of Colombia and Hugo Banzer of Bolivia — look on. Mr. Mahuad takes office amid tension with Peru and economic stagnation.

Colombian CIA Source's Other Side

General's Suspected Paramilitary Ties Underscore Difficulties for U.S.

By Douglas Farah
and Laura Brooks
Washington Post Service

WASHINGTON — For years a Colombian general, Ivan Ramirez Quintana, was a key intelligence source for the United States. After training in Washington, he was the first head of a military intelligence organization designed by U.S. experts to fight Marxist guerrillas and drug traffickers, and he served as a liaison and paid informant for the Central Intelligence Agency, according to U.S. and Colombian intelligence sources.

But during many of the years he was funneling information to the CIA, according to U.S. and Colombian intelligence officials, General Ramirez maintained close ties to rightist paramilitary groups that finance much of their activities through drug trafficking.

"We began to hear of Ramirez's ties to drug trafficking, paramilitary activities and human rights violations in the mid-1990s," a U.S. official said, adding that the CIA ended contact with him in 1995.

In May, the United States took the unusual step of revoking General Ramirez's U.S. visa because of alleged "terrorist" activities, General Ramirez sources said, is also under investigation by the Colombian prosecutor general's office for ties to paramilitary violence. In a move welcomed by U.S. officials, President Andres Pastrana of Colombia on Sunday — two days after taking office — dismissed the entire military high command, in part because the military has suffered a string of humiliating defeats by Marxist guerrillas. General Ramirez,

while not in the high command, will be retired soon because of his strong ties to Colombia's outgoing military leadership and strong U.S. pressure, sources in Washington and Bogota said.

A CIA spokesman declined to comment on the case.

General Ramirez's story underscores the difficulty the United States faces in working with the Colombian military, which is under siege by well-funded and well-trained Marxist guerrillas. The guerrillas of the Armed Revolutionary Forces of Colombia and the National Liberation Army number about 20,000 and control almost half the national territory. Their rapid expansion in recent years is due in large part to increased profits from protecting and aiding drug traffickers who operate in areas the guerrillas control.

While many U.S. policymakers want to step up aid to the military and say the line between the guerrillas and drug trafficking is blurred, there is little stomach in Washington for helping a military with an abysmal human rights record whose leaders are suspected of ties to paramilitary groups and, perhaps, to drug trafficking.

Underscoring the problem, the Colombian prosecutor general's office announced this week that General Fernando Millan, commander of the 5th Brigade, was under investigation on suspicion of recent collaboration with paramilitary forces in the central province of Santander. The office also announced that General Rito Alejo del Rio was under preliminary investigation for suspected collaboration with such groups when he was commander of the 17th Brigade in the northwestern region of Uraba, where

paramilitary forces have rid the area of suspected guerrilla sympathizers.

When word leaked to the Colombian press in May that General Ramirez's U.S. visa had been revoked, his response was bitter.

"All I have done for the 36 years of my career is fight terrorists," General Ramirez, the army's inspector general, said at a news conference May 15. "So it is impossible that, at the end of my career, I am suddenly turned into the terrorist. It is not true. People know how I have acted, my actions have been clear and my conscience is clear."

In numerous telephone calls to his office, reporters were told he would be unavailable to answer further questions.

Paramilitary groups, often operating under the protection of the military, were responsible for 70 percent of the political murders in Colombia in 1997, according to the State Department's annual human rights report. Intelligence sources in Colombia and the United States say paramilitary groups are operating large cocaine laboratories.

"We view the paramilitaries as a serious problem," one U.S. official said. "They are a real factor. Dealing with the military-paramilitary tie is where Pastrana will have to start."

Ties between senior military officials and paramilitary groups, which control at least 15 percent of the national territory, date to the 1960s, when the military helped form the units to aid the army in combating the guerrillas. The groups were outlawed in the 1980s after a series of massacres and amid their increasing reliance on drug barons.

POLITICAL NOTES

A Tome Keeps Track Of Social Policy

WASHINGTON — Did you know that the average American now retires a few months before his or her 64th birthday? Or that the typical worker paying into the Social Security system earns just shy of \$26,000 a year? Or that cigarette smoking by high school seniors has actually dropped since 1975, counter to general belief?

These statistics are found in one of the most obscure, and most valuable, publications in Washington, the Green Book. Published every other year by the House Ways and Means Committee, the 1,492-page tome presents background material and social statistics on most U.S. entitlement programs.

Although the Ways and Means Committee is best known as the U.S. tax-writing body, it also controls governmental social policy.

Published by the Government Printing Office and sold for \$58, the Green Book notes, for example, that anyone who thinks that social programs have withered away under the Republicans should think again.

It is true that the Congress elected in 1994 has consolidated, block-granted, trimmed and regulated entitlement programs for the poor. Federal, state and local spending for benefits granted on the basis of need fell by \$4.2 billion, when the figures are adjusted for inflation, from 1995 to 1996, the last year included in the Green Book.

But this was more than offset by the natural increase in the nation's elephantine social program, Social Security. Its costs went up from \$353.6 billion in 1996 to \$370.8 billion in 1997.

To shore up the spending, Congress has decided to increase the age at which people become eligible for Social Security. But as the Green Book shows, the trend in society is in the opposite direction. More and more workers are retiring at the earliest opportunity, with the proportion of Americans who quit by age 62 climbing from 10 percent in

1960, the first year for which statistics are available, to 58.3 percent in 1995, the latest figure. In the meantime, life expectancy has risen steadily since World War II. (WP)

San Francisco Sets Gay-Rights Example

SAN FRANCISCO — San Francisco politicians have passed an ordinance that strengthens the rights of gay and lesbian couples despite a congressional backlash that could cost the city millions of dollars.

The ordinance — passed without a hint of objection — will make San Francisco the nation's only city that demands that private businesses offer domestic partners the same customer discounts they extend to married couples. Mayor Willie Brown says he will sign it.

Most city businesses that might be subject to the law, such as gyms, car rental companies and insurance agencies, already comply. Still, supervisors were determined for the city to set a standard for human rights.

The vote came despite what gay rights advocates were calling an anti-gay campaign in Washington.

Less than two weeks ago, the House voted, 214 to 212, to block the city from receiving federal housing money because of its year-old Equal Benefits Ordinance, which requires businesses with city contracts to extend health benefits to its workers' partners. The measure, which still has to be approved by the Senate, could cost San Francisco up to \$260 million. (AP)

Quote / Unquote

Hillary Rodham Clinton, the first lady, speaking out against the "prejudice" against Arkansas that she said was driving much of the investigation into her husband: "I think a lot of this is prejudice against our state. They wouldn't do this if we were from some other state." (AP)

Republicans Bicker Over Key Positions

Elections Nearing, Legislators Can't Agree on Tax Cuts and Other Issues

By Alison Mitchell
New York Times Service

WASHINGTON — Republicans in Congress have left for their summer vacation deeply divided, fighting against each other as hard as they fought against Democrats and unable to fill the policy vacuum created by the hobbled Clinton presidency.

With one month left in this session of Congress before midterm elections that might decide control of the House, the Republicans in both chambers have been unable to agree on a budget.

They are squabbling over tax cuts. They have yet to send the White House even one of the 13 spending bills needed to keep the government running when the new fiscal year begins Oct. 1.

House Republicans now say they may not move forward with their own scaled-back anti-smoking bill, which they promised when the Senate's legislation "regulate tobacco died."

"Trying to craft a bill that will garner a majority has been elusive," said John Boehner of Ohio, chairman of the House Republican Conference.

Across the board, the divisions among social conservatives, Republican mod-

erates and the party's business wing have resulted in high-profile broken promises and stalled spending bills.

Even tax cuts no longer seem to be the unifying force they once were.

Newt Gingrich, the Georgian who is speaker of the House, sent his rank and file home with instructions to promote a public outcry in August in favor of a House Republican plan that would devote \$700 billion of a projected \$1.5 trillion federal surplus over the next decade to tax cuts, and dedicating the remainder to prop up Social Security.

But the tactic seemed as much about putting pressure on Senate Republicans who balk at the proposal as it was about staking out ground against the Democrats for the midterm election.

"When the American people learn about the size of the surplus," Mr. Gingrich said, "when the American people learn about the power of economic growth to save Social Security, when the American people learn about what we're proposing to do, I am confident that by September you will see virtually all of the senators on the Republican side in favor."

Senate leaders are adamantly opposed to tax cuts of such magnitude this year,

and since the first days of the 1995 "Republican revolution," the Republican Senate has usually been wary of the sweeping changes sought by the Republican House.

Mr. Gingrich has conceded that, partly because of this stance, the House may end up getting only about \$70 billion in tax cuts this year.

In some ways, the problems facing the Republicans are endemic to congressional parties without a president to articulate an overarching message.

Not only do the Republicans lack one dominant figure, their congressional leadership is hampered by one of the smallest House majorities this century.

And despite Mr. Gingrich's pledge to business groups that he would push in July to win financing for the International Monetary Fund, the House abruptly put the issue off until September, with Dick Army of Texas, Mr. Gingrich's second in command, leading the battle against the money.

In an odd pose for a party that once projected itself as internationalist, Representative Arney recently took pride in his lack of interest in foreign travel.

"I've been to Europe once," he said. "I don't have to go again."



Mitchell Johnson being taken into the courthouse.

Away From Politics

On his 14th birthday, Mitchell Johnson pleaded guilty, and Andrew Golden, 12, was found guilty, in their trial on charges of gunning down four schoolmates and a teacher in a March 24 ambush just outside their Jonesboro, Arkansas, school. A sentencing hearing for the two boys was scheduled to begin later Tuesday. (AP)

A stately turn-of-the-century home in Morris Township, New Jersey, was being used as a house of prostitution, charging customers \$225 an hour for "afternoon delight," the authorities said. Officers raided the home in the prosperous suburb last week, arresting four women and 15 men, the prosecutor's office said. (AP)

Bricks from a New York skyscraper fell 39 stories to a busy street, yet caused minimal injuries when one punched through the roof of a bus and landed on a luggage rack over a woman's head. (AP)

Two men were charged with animal cruelty in Clearwater, Florida — one for choking his parrot and the other for dunking the bird five times in a margarita as the two friends drank at a bar, the police said. (AP)

Tiny Nevis Retains Tie To Less-Tiny St. Kitts

By Serge F. Kovaleski
Washington Post Service

CHARLESTOWN, St. Kitts and Nevis — Voters in Nevis have narrowly defeated a proposition that would have carved the Western Hemisphere's smallest nation into two even smaller ones by splitting Nevis from its larger partner, St. Kitts.

Monday's referendum, which Nevisian secessionists had hoped would dissolve the uneasy union that has existed between the two tiny islands since they gained independence from Britain 15 years ago, had been harshly criticized by neighboring Caribbean nations as unwise at a time of political and economic globalization.

Final figures showed that the secession initiative received 2,427 "yes" votes, 61.8 percent of all ballots cast, falling slightly short of the two-thirds majority needed for Nevis to separate from St. Kitts. Nevis's right to secede was written into the federal constitution in 1983, when the island reluctantly agreed to join with St. Kitts.

"I am disappointed," said Vance Amory, the premier of Nevis, "but the people have made their decision in a peaceful and balanced democratic manner." Mr. Amory lead the secessionist movement.

While uncertainty loomed large last night about future relations between the two islands, Denzil Douglas, the prime minister of the federal state, who had opposed the secession, pledged to "hammer out a new constitutional framework that will provide the people of Nevis with greater autonomy."

What drove the secessionist push was the feeling among many of Nevis's 11,500 citizens that the central government in St. Kitts, which has a population of 32,000, had long neglected the 36-square-mile (93-square-kilometer) island.

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EUROPE

Help Wanted: A Monitor for UN's Ban on Kosovo Arms

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Five months after the Security Council imposed an arms embargo to quell the fighting in Kosovo, no international organization has volunteered to do intensive monitoring of the ban.

"The international community," Secretary-General Kofi Annan told council members Monday, "risks once again being placed in a position where it is only dealing with the symptoms of a conflict through its humanitarian agencies."

The Security Council began debate Tuesday on a resolution aimed at stopping the fighting, an issue that the "contact group" of nations most closely involved in negotiations has largely kept out of the council.

The secretary-general was head of UN peacekeeping several years ago when the council passed an ambitious resolution on Bosnia but then did not authorize troops to protect sanctuaries or carry out other tasks.

In a new report that circulated to council members, Mr. Annan warned of the consequences for the Balkans if ethnic conflict was not contained.

"The continuation or further escalation of this conflict has dangerous implications for the stability of the region," Mr. Annan wrote, referring to Kosovo. "Given the responsibilities of the United Nations in the wider region and the ethnic makeup in neighboring countries, I cannot but express my alarm at this prospect."

A Security Council resolution in March called for an end to arms sales to the rump Yugoslavia as Belgrade began stepping up a campaign against an ethnic Albanian separatist movement in the Serbian province.

The resolution asked the secretary-general to recommend how an embargo could be monitored so that arms did not reach either the Yugoslavs, primarily Serbs, or the ethnic Albanians in Kosovo.

But substantial arms have continued to flow to rebels from across the Albanian border, and Serbian troops remain well-armed.

Mr. Annan told the council soon after that resolution was passed that the United Nations, already deeply in debt to nations that contribute to its peacekeeping forces, could not afford to monitor the embargo. He said he would ask for help from European regional organizations.

Now he has told the council that the North Atlantic Treaty Organization, the Organization for Security and Cooperation in Europe, the European Union, the Western European Union and the Danube Commission all said they would enforce the ban — but are reluctant to provide the level of support that is needed.

"At this stage," Mr. Annan wrote in his report, "the overall resources pledged by those organizations would not allow for the establishment of a comprehensive monitoring regime."



Serbian police officers checking out weapons on display Tuesday in the village of Dujak. Ethnic Albanians in the region surrendered more than 200 rifles and other materiel following demands by the police.

Backs to Wall, Kosovars Vow to Fight

The Associated Press

PRISTINA, Yugoslavia — Despite a recent string of losses against Serbian government forces, secessionist Kosovo Albanian rebels vowed Tuesday to fight on until final victory.

Albanian sources reported fighting Tuesday in the Decani region near the border with Albania. They said a column of 110 Yugoslav Army vehicles, including 36 tanks, had been seen heading for the embattled region.

In Tirana, the Albanian government said Tuesday that 70 people had fled across the border from Kosovo within the previous 24 hours, including two badly wounded guerrillas.

Independent media in Belgrade also reported that the Kosovo Liberation Army had regained control of the central village of Likovac, the rebel headquarters that Serbian forces overran last week.

The reports could not be confirmed. In a statement distributed to ethnic Albanian media, the rebel army said the latest Serbian offensive "has only strengthened our resolve to bravely continue on the road to freedom."

The statement called on Kosovo Albanians, who represent 90 percent of the Serbian province's 2 million people, to "unite with the KLA and help us in our just freedom fight."

It also urged NATO not to deploy its troops on the Albanian-Serbian border — the main route of arms supply for the Kosovo Liberation Army — "because we would consider this the second offensive against our freedom and our national pride."

Despite the war rhetoric, one of the top Kosovo officials told the local Albanian Koha Ditore daily that the militants might join an all-Albanian negotiating team in peace negotiations with Belgrade.

Diplomatic efforts to return Serbian and ethnic Albanian leaders to the negotiating table are inching forward, despite sporadic clashes in the province.

Boeing Told to Suspend Project With Ex-Soviets

By William J. Broad
New York Times Service

NEW YORK — Worried that sensitive aerospace technology was being transferred abroad, the State Department has suspended all work between the Boeing Co. and its Russian and Ukrainian partners in a pioneering venture to fire rockets into space from a platform floating at sea.

A State Department official said the department was working with the Defense Department and was passing the results to the Customs Service and the Justice Department, which were looking into whether Boeing broke any U.S. laws.

Neither Boeing nor the government would specify what prompted the suspension, and it was unclear whether the trouble was more procedural or substantive.

The Boeing venture is known as Sea Launch. It seeks to adapt Ukrainian and Russian rocket technologies to tap an emerging market for the lofting of communications satellites into orbit.

Boeing characterizes the work as turning swords into plowshares. Its Ukrainian partners, the Yuzhnoye Design Bureau and Yuzhmash Production Plant, once made the Soviet Union's deadliest missile, the SS-18.

A recent investigation in Washington into whether American aerospace companies aided Chinese rocket manufacturers has brought Boeing's and similar ventures under close scrutiny.

The suspension began on July 27. It forced about 40 Russian and Ukrainian engineers to leave the venture's home base in Long Beach, California, a Boeing spokesman, Timothy Dolan, said Monday.

Mr. Dolan did not estimate how long the suspension might last.

The State Department suspended Boeing's technical assistance agreement, a federal official said. This agreement, reached by Boeing and the U.S. government in April 1995, spelled out the rules by which the company would protect sensitive data while working with its foreign partners.

A new plan is now being drafted, Boeing and federal officials said.

Space experts said that the suspension appeared to be part of a pattern of tightening in matters of national security, prompted mainly by the Chinese disclosures.

"Over the past few years, the climate has been to try to make these joint ventures work, with only secondary emphasis on concerns about technology transfer," said John Logsdon, director of the Space Policy Institute at George Washington University in Washington.

"Now the pendulum is swinging back to more of a balance between economic and security interests."

What is strange in this case is that the Russians and Ukrainians are highly regarded as rocket makers. Some of their work is considered superior to American rocketry, especially when measured by engine efficiency.

In contrast, Chinese rocketry is considered inferior to American.

Charles Vick, a rocket expert at the Federation of American Scientists, a private group in Washington, said the trouble may have arisen because of integration problems in Sea Launch's rocket, the Zenit.

Mr. Vick said that the Ukrainian rocket had flown out of Russia in a version with two stages but never with three, which is how Sea Launch wants it to fly for greater lifting power. Boeing's mistake, he said, may have been in supplying information to help tie an additional stage to the existing Zenit.

BRIEFLY

U.S. Bases in Turkey Are Disrupted by Walkout

ANKARA — The United States sought to calm tensions Tuesday in a three-week-old strike that has disrupted life at U.S. military bases across Turkey, denying reports of violent clashes between Americans and the 1,400 striking Turkish workers.

Turkish media have reported several confrontations between U.S. servicemen and women and Turks since the strike started July 23, including physical and verbal attacks by Americans at the Incirlik air base in southern Turkey.

"All allegations of violent actions by U.S. servicemen at Incirlik, such as assaults, have been thoroughly investigated, and have proven to be unfounded," the United States said in a statement released by its consulate in Adana, 10 kilometers (6 miles) from Incirlik.

The strike has shut down the commissary, gas station, dining halls and other facilities at Incirlik, which is the base for U.S. and British patrol flights over the no-fly zone in northern Iraq.

Services at bases in the cities of Ankara and Izmir also have been interrupted.

Extortion Demands Sent To Businessmen in Spain

MADRID Business leaders in northwestern Spain have received demands for large sums of money from an extreme-left terror group that has been dormant for several years, a police official said Tuesday.

Company managers in the Spanish region of Galicia have received letters from the October 1st anti-fascist resistance groups demanding large sums of money, police said.

The amounts varied between 15 and 50 million pesetas (\$100,000 to \$330,000), a police source confirmed.

Security has been stepped up at the companies involved while the police check the authenticity of the letters sent over the last few weeks.

"Everything seems to indicate that it involves Grapo," the police source said.

After years of inactivity, the so-called Grapo

organization has been active since the start of the year claiming responsibility for a series of attacks and attempted attacks. The attacks, in which there were no victims, were aimed at businesses in Madrid as well as the offices of a radio station in Barcelona.

Police believe Grapo was responsible for about 80 assassinations between its creation in 1975 and the start of the 1980s.

Polish Cardinal Opposes New Crosses at Auschwitz

WARSAW — Poland's top Catholic figure reversed himself Tuesday and called for followers to stop putting up crosses outside the former Nazi death camp at Auschwitz.

The strongly worded statement by Cardinal Jozef Glemp was a conciliatory move in the escalating controversy over dozens of crosses erected in the last three weeks on property adjoining Auschwitz, outside Krakow in southern Poland.

The Israeli government and Jewish groups,

including the Simon Wiesenthal Center, have formally protested to Poland's government about the newly erected crosses near Auschwitz and Birkenau camps, where more than 1 million Jews died in World War II. Glemp appealed to Catholic bishops in Poland to "try to restrain the growth of that nonchurch action."

(AP)

No More Stasi Prosecutions

BERLIN — German authorities closed their books on cases involving ties between the former East German secret police and leftist terrorists in the West, saying Tuesday that a recent court decision had made pursuing them pointless.

"We had other views of the law than the Federal Court of Justice, but they were not shared," said the chief investigator, Christoph Schaefer.

The high court in March overturned the convictions of three former officers of the East German secret police, known as the Stasi. They were the first and only to be tried on the alleged connection between the Stasi and the Red Army Faction, a leftist terrorist group active in West Germany in the 1970s and 1980s.

(AP)

ASIA/PACIFIC

18 Protesters in Burma Reported Well

Diplomats Visit Jailed Foreign Democracy Advocates Seized for Leaflets

The Associated Press

RANGOON — Democracy activists from a half-dozen countries who are being detained by Burma's military regime for handing out anti-government leaflets are faring well, diplomats said Tuesday. But it remained uncertain whether the 18 would be tried.

Visits were allowed Tuesday, three days after the arrests, by diplomats from the United States, the Philippines, Thailand, Malaysia and Australia.

An American spokeswoman said two consular officers took books and snacks from the embassy commissary to a 90-minute meeting with six Americans held at the Rangoon police headquarters.

"Their health is O.K.," said the spokeswoman, speaking on condition of anonymity. "They are eating fine. They've been receiving Chinese veget-

arian food. They are not complaining about their treatment."

One U.S. activist, Nisha Marie Anand, 21, a student, is a vegetarian and has cited her diet as a health concern.

A Thai Foreign Ministry spokesman said one of its diplomats visited for an hour with the three Thais in detention, who said they were being treated well.

The three were being kept in separate rooms that had served as offices, with beds added along with mosquito nets, said Kobsak Chutikul.

Because one of the Thais had complained of back pains and another was running out of medicine for a thyroid condition, authorities agreed to allow the Thai Embassy to send a doctor, he said.

He said questioning of the three had been concluded, but there was no indication of a decision in the case.

The U.S. Embassy spokeswoman declined to comment on whether and how the detainees were being questioned. Authorities have said the 18 foreigners were being interrogated as part of investigations to determine if a legal case should be brought.

"The six Americans expressed concern about how the case will be resolved," the U.S. diplomat said.

Aside from the Americans and Thais, the detainees include three Malaysians, three Indonesians, two Philippine citizens and an Australian. It was unclear whether the Indonesians received visitors.

The 18 were apprehended Sunday in downtown Rangoon and at the airport. They were urging people to remember a 1988 uprising against military rule and not to give up.

of relatively wealthy ethnic Chinese were looted and burned — are fresh memories for the community here, which closely followed the developments through the press and Internet sites devoted to the subject.

The overall reaction to the riot rumors by the Malaysian authorities, however, has been anger.

Prime Minister Mahathir bin Mohamad said: "All the rumors are only lies. Some people deliberately made up the story to create chaos in our country. These people are traitors of the country. If possible, I want to catch these people, drag them to the street and beat them up."

"Outsiders are purposefully spreading lies to sabotage and weaken the country," Information Minister Mohamad Razman said Monday.

"I won't point out who the culprits are but what shocked me most is how rumors of disturbances in Chow Kit were widely circulated in Johor Baru," he said.

Johor Baru is the closest Malaysian city to Singapore; relations with the city-state have soured over the past few weeks over a number of disputes.

RUMORS: Malaysia Arrests 2 Following Internet Gossip on Riots

Continued from Page 1

were told to go home early or stay inside. Supermarkets in Kuala Lumpur sold out of milk and noodles and stayed open later than usual.

The inspector general of police, Rahim Noor, said he was "flooded" with calls from people asking what was going on; some of the calls were from East Malaysia, thousands of kilometers across the South China Sea. Newspapers, too, received hundreds of calls from concerned residents.

The rumors subsided late Friday and early Saturday when local television stations and newspapers ran reports denying that the riots had taken place.

According to police, the false news circulated as e-mail users received the messages about the rumored violence and passed them on.

"I hope e-mail users will stop forwarding such material to their friends," the secretary-general of the Home Ministry, Samsuddin Osman, said Saturday.

It is not clear what role the two people arrested Tuesday played in disseminating the rumors.

But the virtual riot was more than just an Internet-induced anomaly.

The site of the rumored violence was host to a racially charged shooting during the previous economic downturn, in the 1980s, as well as Malaysia's most

'Outsiders are purposefully spreading lies to sabotage and weaken the country.'

recent brush with large-scale ethnic unrest, a riot in 1969 that claimed dozens of lives.

"This clearly shows that the racial clashes in 1969 are still lingering in people's minds," Mr. Rahim said.

The deputy home minister, Tajul Rosli Ghazali, added: "This is a question of national security and racial harmony."

The ethnic Chinese community in Malaysia is all too aware of how an economic crisis can strain ties between races: The May riots in neighboring Indonesia — where the homes and shops

BRIEFLY



PREPARING FOR COMBAT — Taliban fighters working over their ammunition on the front line north of Kabul on Tuesday. Taliban forces reportedly captured Talaqan city in northern Afghanistan.

Indonesia Lifts Ban on a Party

JAKARTA — An Indonesian court has lifted a ban against a political party, but its jailed leader says that is not enough to fulfill government promises of democratic reform.

Paulus Mahulette, a lawyer representing the People's Democratic Party, said Tuesday that the Jakarta Administrative Court on Monday overturned a ban imposed last year by the government of then President Suharto.

President Suharto quit in May after a wave of riots and protests against his authoritarian 32-year rule.

India Says It Improves Missile

NEW DELHI — India has begun developing a new and more powerful version of its medium-range ballistic missile, Defense Minister George Fernandes said Tuesday.

Mr. Fernandes said the new model would have a longer range than the existing Agni intermediate-range missile, which can carry a nuclear or a conventional warhead up to 1,500 kilometers (930 miles).

Indian scientists say they have developed miniaturized warheads to fit Indian-made missiles, but have not specified

their potential yields. "The government's approval for the second phase of Agni follows the successful completion of the first phase demonstrating its re-entry technology," Mr. Fernandes told a parliamentary panel.

"Efforts are on to ensure that there are no adverse effects of the sanctions on the missile program, which is in a very advanced stage of development."

(AFP)

Cambodia Rejects Vote Protest

PHNOMPENH — Cambodia's vote organizers on Tuesday dismissed more than 300 opposition complaints of intimidation and fraud during last month's election, saying they had no evidence.

The National Election Committee, which dealt with 304 complaints out of hundreds submitted by the opposition, rejected them all.

But it said that opposition parties could submit 22 to the country's highest legal body, the Constitutional Council, for further consideration.

"This is the final decision on the complaints," the NEC spokesman, Samraing Kamsan, said at a news conference.

The government leader, Hun Sen, and his Cambodian People's Party won the July 26 election with more than 41 percent of the vote.

(Reuters)

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EDITORIALS/OPINION

Herald Tribune

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Combating Terrorism

By the weekend, Friday's tragedies in Kenya and Tanzania and the associated tales of loss and quiet heroism had yielded to the usual crisis and political swirl. Some were suggesting that an intelligence failure and perhaps an overall failure of will and credibility on the part of President Bill Clinton had set up the United States for the two terrible bombings. On the ground, especially in Nairobi, Americans were being blamed for supposedly putting the saving of evidence ahead of the saving of lives in the scramble for access to the debris.

That the American government was unprepared for this tragedy is apparent. The two locales were not commonly thought of as the stalking ground of terrorists, and the American facilities there had not had the full security upgrades of places considered more at risk. But this may have been due not to bureaucratic scandal but to an understandable decision to concentrate scarce budget resources elsewhere. The terrorists probed at a weak spot.

Whether scarce intelligence resources also were diverted from Kenya is another question. The consensus is that the range of new post-Cold War threats topped by terrorism requires a keener focus on "human intelligence" — spies — as against expensive cameras and microphones in the sky. But reliable spies of this sort are not easy to come by. It seems that Americans have now been jarred into a thoroughgoing counterterrorism policy review on

both the budget and intelligence sides. That is as it should be.

Meanwhile, the Clinton administration promises "appropriate action" against those who did the deeds — if authorities can get the "facts straight" about them. This self-imposed evidentiary standard unquestionably makes investigation and intelligence-gathering more demanding. But the burden is essential under the American system. It should be accepted as long as it does not become an excuse for timidity or for a diminution of will. The architects of these appalling killings must be brought to account.

The United States puts a high priority on gaining the full cooperation of local authorities in investigating terrorist acts abroad. Otherwise it simply could not run a foreign policy based on global engagement. But this is not always well understood at the local level. Saudi Arabia, perhaps, to avoid a showdown with Iran, has withheld crucial evidence of Iranian complicity in the killing of 19 American servicemen at a Saudi base in 1996.

In Kenya, a similar American impulse to preserve unimpaired access to evidence in the debris has apparently caused some friction with Kenyan authorities, who have not had prior occasion to become experienced in American counterterrorism ways. The Kenyans have suffered harshly. Their cooperation is vital, and surely can be worked out.

— THE WASHINGTON POST

Embassy Security

As Washington mourns those who died in Kenya and Tanzania last week and begins the difficult hunt for the terrorists who spilled so much blood, it must reckon with its own failure to safeguard American diplomats. Not enough has been done to improve security at American embassies and consulates, especially in places like Africa where the threat of terrorist attack was considered low.

A thoughtful blueprint for security enhancement was produced 13 years ago by a State Department advisory panel headed by Admiral Bobby Inman, a former deputy director of central intelligence. It recommended a package of security measures designed to reduce the vulnerability of diplomatic outposts to car or truck bombings of the kind that convulsed the embassies in Nairobi and Dar es Salaam on Friday. The full cost of instituting it, including the renovation or replacement of more than 100 embassies and consulates, was put at roughly \$3.5 billion.

Less than a third of that money was ever approved by Congress, and much of the work was never done. The unconvincing excuses range from budget constraints to fears that better fortified embassies would be inconsistent with the open country they represent.

Diplomatic compounds in low-risk regions were neglected, despite the obvious threat that terrorists might be deflected to less secure embassies when prime targets in the Middle East and Europe were better protected.

In an era when terrorism presents as great a threat to the security of Americans overseas as do foreign armies, spending the equivalent of slightly more than 1 percent of the annual defense budget on embassy security is hardly unreasonable.

Nor is the safety of American diplomats less important than the aesthetic

quality of embassy buildings. One of the State Department's prime responsibilities abroad is to ensure the safety of the men and women, American and foreign, who work for it.

That does not require an intimidating fortress. Exacting construction standards, including reinforced concrete walls and shock-resistant glass, can help harden buildings. No American embassy anywhere should have an underground garage, even one blocked by barricades. The driver of the bomb vehicle in Nairobi was apparently trying to gain entrance to the embassy's basement garage.

Most important, embassies should have enough ground area to allow a 100-foot (30.5-meter) security perimeter on all sides. For some capitals that may require moving to a new site. In any trade-off between convenience and security, security should prevail.

Congressional leaders ought to find the money for these improvements as soon as Congress reconvenes in September. Secretary of State Madeleine Albright and Undersecretary Thomas Pickering seem determined to take remedial action.

Other proposed responses under discussion in Washington are less appealing, including the misguided idea that the United States should retaliate against suspected terrorists even without hard evidence of their involvement in a specific attack. Such revenge fantasies would do more to incite terrorism than to deter it.

Equally dangerous is the idea that the White House should lift the presidential ban on government-sanctioned assassination so that the CIA can arrange for the murder of suspected terrorists. Democracies which employ the techniques of terror risk becoming indistinguishable from the terrorists they pursue.

— THE NEW YORK TIMES

Other Comment

More Respect for the UN

There are many tasks that the United Nations, as peacekeeper, cannot accomplish and therefore should not undertake. The Security Council's gross mistake, at the heady end of the Cold War, was to order the peacekeepers on missions impossible, telling them to sort out wars and atrocities but giving them few means to do so. The resultant humiliation was inevitable.

With the United States in the lead, the council then swung in the opposite direction. UN soldiers, it was decreed, were no longer to try to make peace between adversaries, only to help keep a peace that had already been agreed.

Should the UN intervene when civilians are savagely trapped? Or should it stand by, waiting until the fighting stops? What should the UN do when, as in Angola, old adversaries

agree on a peace but then turn out not to have meant what they once agreed?

There are no easy solutions. It would be madness to suggest that UN soldiers place their bodies between the evenly balanced Angolan sides. But what does need bolstering, and soon, is the authority that the UN's name carries, and its own confidence in that authority.

When the world body joins together to tell a government to do something, or not to do something, it should not need to go to war to make its point. Its voice alone should count.

But this respect cannot be commanded until the UN's senior members — the Security Council — themselves show respect for their club by working out what peacekeeping entails. And, as a first mark of respect, America could pay its dues, a debt that cripples many current attempts to keep the peace.

— THE ECONOMIST (London)

Serbian Rule in Kosovo: Conduct Beyond the Pale

By Leni Fischer

STRASBOURG — Where is the conscience of Europe as regards 2 million ethnic Albanians in Kosovo, a Serbian province now on the brink of humanitarian disaster?

In Brussels? The recent European Union/Contact Group mission has failed to make an impact on Belgrade's mode of "restoring public order."

In The Hague? Governments have signally failed to force Belgrade to transfer war criminal indictees from previous ethnic cleansing operations.

In Strasbourg? Representatives of 40 governments and national Parliaments have so far politely analyzed Belgrade's application last March to join Europe's flagship human rights organization, the Council of Europe.

These questions are of course deplorable for the tens of thousands of internally displaced persons within Kosovo and refugees in neighboring Albania. Their villages burn, their homes and livelihoods have been destroyed. The physical survival of entire families is now dependent on access to the as yet sparsely available humanitarian aid of the UN High Commissioner for Refugees, the Red Cross and other nongovernmental organizations.

They are not derisory for those of us who have met and tried to negotiate with the president of Yugoslavia in the name of Europe and European values.

We already knew the Yugoslav — or Serbian — mode of warfare: wanton and senseless destruction, with the putting-to-flight of civilian populations. We witnessed it in Bosnia and Croatia.

At the start of the wars in Bosnia and Croatia, we told the Americans that we — Europe — could handle it. In the end, only the Americans could handle it, at the cost of Slobodan Milosevic gaining status as co-signatory and guarantor of the Dayton agreements.

We now see Mr. Milosevic using this mode of warfare internally, against his own co-citizens (their ethnicity is immaterial) of the Serbian province of Kosovo — barbaric, inhuman and utterly disproportionate to the politically legitimate aim of rooting out the Kosovo Liberation Army and depriving it of its sources of supply.

What kind of European conscience

is it that can countenance relations with the unholy alliance of opportunistic ex-Communists and radical ultranationalists who form the government of Serbia and dominate the politics of the Federal Republic of Yugoslavia (Serbia and Montenegro), over which Mr. Milosevic continues to preside but which he perhaps no longer controls?

The 40 governments and national Parliaments which regularly meet in Strasbourg in the Council of Europe, and which voice concerns on behalf of the member countries and applicant countries of the European Union, must declare a new position vis-à-vis Belgrade and the Kosovo Albanians.

But our Committee of Ministers has yet to react.

I call today for an immediate and massive upscaling of humanitarian aid for the stricken civilian population of Kosovo — if necessary, as in Bosnia, through logistics imposed by NATO in

support of the already admirable but hopelessly under-resourced efforts of the UN High Commissioner for Refugees, the International Red Cross and brave representatives of other nongovernmental organizations.

It is not the role of the Council of Europe to make proposals, unless invited to do so, for the internal structure of a federal sovereign state. Nor do we hold any brief for political separatism or even regional autonomy on grounds of ethnicity.

If ever we come to support claims for separatism or some measure of autonomy, it would be on the grounds that the state concerned had forfeited its right to direct allegiance of part of its population because of repression and domination and policies in violation of all the values which Europe aspires to stand for. Such is the situation today in Kosovo.

The Kosovo Albanians have gained the right to some form of political settlement outside the frame of the current Serbian constitution.

Ethnicity, although it is a dominant

aspect of the social and human reality, is not in itself a factor for us in reaching this position. There is no question for Europe of accrediting policies for a "greater Albania."

But human rights transcend national frontiers. That, at least, cannot cease to be our message. And it is our role — our *raison d'être* — to uphold from Strasbourg the rights of a population to struggle and be protected against repression and brutality by the state.

I call for an international conference on the Serbian constitution of 1990 and on the impact of its introduction on the rights and freedoms hitherto enjoyed in terms of self-government by the ethnic Albanian population of Kosovo. These rights and freedoms need to be restored. If Belgrade doesn't like that, its letter requesting an invitation to join the Council of Europe can be withdrawn.

The writer, president of the Council of Europe Parliamentary Assembly, contributed this comment to the *International Herald Tribune*.

Unarmed Civilians Are Systematically Targeted

UNARMED civilians are systematically targeted by a campaign of indiscriminate attacks and atrocities, as they were just three short years ago in Bosnia. Our local partners in Kosovo and the region are pleading desperately for access, protection and resources to meet the basic needs of the besieged, displaced and attacked civilian population, already close to a million people. Thousands of civilians, overwhelmingly women, children and elderly, are being forcibly expelled from their villages and towns every day.

As large numbers of newly homeless people crowd in with already poor Kosovo Albanian families, winter food supplies are being consumed. A food crisis looms, particularly as cold weather approaches in the foothills and mountains. Unless urgent action is taken, an enormous crisis, requiring a massive and expensive humanitarian response is inevitable.

Our representatives and partners on

the ground report that hundreds of thousands of people have been forced out of their homes and are wandering, terrorized, looking for any shelter, food and medical care they can find. Humanitarian organizations cannot reach many of the people who need help because of blockades, shelling and harassment. Serbian authorities have seized or diverted humanitarian relief supplies away from victims.

Local humanitarian organizations attempting to provide emergency assistance to the homeless, wounded and hungry are under attack. We have received credible reports that many local humanitarian workers and medical personnel have been arrested and interrogated. Other humanitarian workers have been killed or wounded, or gone missing after abductions by Serbian authorities. Serbian authorities have plundered food warehouses, most recently seizing more than 12 metric tons of grain from the Mother Teresa

Society's facility in Vucit/Vushtri. Serbian paramilitaries and soldiers are burning food stock and crops and killing livestock. Snipers fire on civilians attempting to harvest their wheat crops. Belgrade has imposed strict food controls on Kosovo, not only stopping the transport of goods to many Kosovo Albanian communities altogether, but allowing only state stores, run by ethnic Serbs, to buy and sell food staples.

The international community cannot wait for a cease-fire or political solution to the war in Kosovo before taking necessary action to address this immediate humanitarian disaster. The lives of the mass of unarmed, defenseless people are at stake in Kosovo, just as they were in alarmingly similar circumstances in Bosnia.

— From an open letter to President Bill Clinton signed by Freedom House, Human Rights Watch, the International Crisis Group and 27 other humanitarian organizations.

When Fanatics Think They Can Transform the World

By William Pfaff

PARIS — Whether Spain's Francisco Franco was really a fascist, or only an anti-Communist authoritarian, would not seem an urgent question today, but it has recently stirred angry debate in Italy, of all places.

Italians of the left have condemned the argument recently made by Italy's former ambassador to NATO and the Soviet Union, Sergio Romano, that while Franco was a ruthless dictator who exploited what might be called the imagery of then fashionable fascism, he actually was simply a reactionary anti-Communist and anti-democratic military dictator.

Moreover, Mr. Romano said, Franco kept Spain happy out of World War II and restored its monarchy, leaving it in a condition which allowed its leaders and new king to reinstall democracy during the 1970s and

take Spain into the European Union in the 1980s.

In my opinion, Mr. Romano is right in most of what he says, although the evidence suggests that Franco might not have stayed out of the war had Hitler been willing to offer Gibraltar and Morocco (then a French protectorate) in exchange. Hitler decided that he needed Vichy France's collaboration more than he needed Spain as an ally, with its limited military and industrial resources.

The controversy that Mr. Romano provoked has more to do with current Italian politics than with Spanish history. The Marxist or post-Marxist left still has considerable influence among Italy's intelligentsia, and has an obvious investment in portraying any kind of anti-

Communism or anti-Marxism as fascist.

To suggest that Franco was not a fascist, and that Spain was better off with him as its dictator from the 1940s to the 1970s than it would have been had Spain's Communists come to power, is to them a defense of fascism.

That is nonsense, but interesting nonsense, since it arises from the effort to rebuild a center-right in Italy to take the place of the largely discredited Christian Democrats, while resisting the self-interested rightist populism of the television magnate Silvio Berlusconi. Mr. Romano is affirming the existence of a democratic and intelligent right.

He also wants to reduce the influence the former Commu-

nists now exercise in the center-left "Olive Tree" governing coalition, which is composed of a fragment of the old Communist Party together with reformists from the Christian Democratic movement.

The controversy is much like the one that broke out in Germany when some historians said that Stalin had been worse than Hitler, or even that Hitler's genocidal program had been inspired by the crimes already committed in Stalin's Soviet Union, or when the German historian Ernst Nolte argued that both Mussolini's fascism and Hitler's National Socialism derived from a European social revolution launched by Lenin and the Bolsheviks.

The identical argument has been going on in France, touched off by a recent scholarly reference work on Communism, "The Black Book of Communism," whose editor said in his preface that nothing essential distinguishes Communism from Nazism.

That set off a great cry, since not only is the French Communist Party in the governing coalition of Prime Minister Lionel Jospin, but France's left was until the 1980s dominated by Marxist ideas, and Marxism remains a sensitive subject.

In the continuing controversy, the best comment on why Communism was different from Nazism came from a distinguished writer who is also a former Belgian diplomat, Simon Leys. Writing in *Commentaire*, a conservative French quarterly founded by the late Raymond Aron, he said that among the magazine's contributors and friends, as among his own friends, there are a number of penitent ex-Communists — "and I rejoice at that," he said. But he added, "I doubt that our circles of friends have ever included many ex-Nazis."

However awful the crimes of Lenin and Stalin, and however terrifying the hypocrisy, mendacity and treachery of Communism at work in the West as well as inside the Communist countries, the original and animating motive of Marx was a humane one, and it was this which drew people into the movement, while its betrayal turned many of them into anti-Communists.

However, some who were wise could see from the beginning what Marx's thought implied. The 19th century democratic reformer Pierre-Joseph Proudhon wrote a letter to Karl Marx four years before the Communist Manifesto was published in which he said: "I, of course, admire you very much, Monsieur Marx, but your thought makes me fear for the liberty of men."

It is right to connect Communism with fascism because, different as they may have been, they were both millenarian and utopian movements connected to the ancient assumption in European civilization that history is going someplace, and that mankind, or an elite of mankind, can with sufficient effort, or a new revelation of knowledge, transform the world.

America is affected by this as well, clearly. There is an American "manifest destiny." America's ideas are held able to save the world. America's market capitalism can make everyone prosperous.

The British scholar John Gray has pointed out that America's present-day claim to be a model for a universal civilization lies in direct succession to utopian Marxism, to which it is a reaction. His is an argument which merits attention in the intellectual circles where American policy originates.

International Herald Tribune
Los Angeles Times Syndicate

Stacking the Deck in Cambodia

By Ellen Burk

WASHINGTON — On July 26, a year after a bloody coup by the Cambodian People's Party, Cambodians voted in parliamentary elections. On July 27 and 28, with virtually no results reported and having visited a fraction of the 11,000 polling stations, the European Union-dominated Joint International Observer Group and the U.S. delegation gave their stamp of approval.

The joint observer group said the elections were "free and fair to an extent that enables it to reflect, in a credible way, the will of the Cambodian people." The U.S. delegation praised an apparently "successful exercise in national self-determination."

At a press conference, former Representative Stephen J. Solarz, a leader of the U.S. team, called the elections a potential "miracle on the Mekong." He said that election day conditions had "to some extent mitigated" pre-election intimidation and the CPP's control of the media and electoral apparatus.

I was a member of the U.S. delegation. I went to Kompong Cham province, which is governed by Hun Neng, brother of CPP leader Hun Sen. My team concentrated on Thbuing Kmum district, east of the Mekong, which has one of the worst human rights records in Cambodia.

At a dozen polling stations, we saw voters turn out early and in high numbers to wait in line, enter cardboard cubicles for privacy and then put their folded ballots in the slot of a secure aluminum box.

Through a translator, we talked to voters, officials and local observers. None reported problems. The next day, we watched ballots being counted

on the floor of a pagoda. We left before most returns were relayed to the provincial election authority and then on to Phnom Penh.

Back in the capital, we compared notes with delegation members who had gone to other provinces. Like us, they reported an orderly process and a heavy turnout. Like us, they saw no instances of overt intimidation and no obvious fraud. Like us, they heard no complaints from party representatives or local observers.

So why am I skeptical? The uniformly positive responses from voters and officials strike me as odd. I wonder whether the high turnout reflected something other than enthusiasm.

At one polling station, officials wrote the turnout, 99.2 percent, on the blackboard three hours before closing. They already knew who was not coming to vote.

Even though we were knowledgeable about Cambodia and election monitoring, our methods may simply have been inadequate to the task.

How likely is it that Cambodians would speak openly about coercion to us or our translator, an unknown Khmer man?

Two of our group stopped to speak to a man on a bike in a vast rubber plantation. He was frightened. My colleagues suggested that he pretend to be giving directions. As he gestured, he told them that people were scared, and that if they felt able to vote freely they would vote against the regime. Then he got nervous and left.

Our findings and methods contrasted with those of a

Khmer-speaking American human rights worker with six years' experience in Cambodia. Rather than briefly visit many polling stations, she and three companions spent much of the day outside one station in Kampot province. They identified the village chief and his subordinates overseeing the crowd. They overheard muttered comments about villagers and their allegiances.

The village chief said he would stay all day (a violation of election rules) to make sure that things went smoothly and to fetch people who had not voted yet. What if they don't want to vote? He was asked. "Everybody would want to come to vote," he replied.

Members of FUNCINPEC, the party ousted in last July's coup, reported death threats from the commune chief, who served as the poll security chief, if the vote didn't "go well." These people are no longer sleeping at home.

I do not know what I saw — a well-run election with the fullest participation of the Cambodian people, or an orchestrated exercise carried out by an electoral apparatus controlled by the ruling party.

Many things I saw have more than one interpretation. Observers more skilled than I saw intimidation.

We know enough about Cambodia, the coup last July and its aftermath — including as many as 100 political assassinations — and the CPP's domination of the electoral process not to underestimate the danger Cambodians face for exercising their rights.

The writer is a former staff member of the Senate Foreign Relations Committee. She contributed this comment to *The Washington Post*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Chinese Market

PARIS — [The Herald says in an Editorial:] Mr. Balfour made a significant statement. It amounts to Russia's success in the matter of the Newchwang railway. When the "lease" of Port Arthur first came into the range of possibilities England tried hard to keep Tsienwan out of Russian hands. In that she failed. Now she seems to have failed in wresting Newchwang from a similar fate. This means that the rich Manchurian markets will find an outlet through Russian houses at Port Arthur. What does Great Britain intend to do?

1923: Hat 'Ha-Ha'

BAYONNE, New Jersey — If you go out with a new hat and your neighbor thinks the hat is a funny-looking thing and hears right out loud so you can hear, she is perfectly within her rights, according to the ruling of Wil-

liam Cain. Mrs. Fecko appeared before Judge Cain with a complaint against Mrs. Rafelew, who lives next door. "She gave me the ha-ha," complained Mrs. Fecko. But Judge Cain decided that no great harm had been done and that a little "ha-ha" now and then would not hurt anyone.

1948: Crime News

PARIS — The French lover of crime news will find his favorite reading matter compressed if a bill introduced in the National Assembly becomes law. The proposal was authored by Jean-Marie Louvel, Popular Republican Deputy, who complained that such news was being printed in far too great quantities. His bill would require that all such news be held to twenty lines and be dignified by the headline "Facts Divers." Pictures relating to crimes would be taboo, and no news of crime would be permitted on the front page.

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OPINION/LETTERS

American Resolve? More Like Forgiving and Forgetting

By Thomas L. Friedman

WASHINGTON — In the wake of the embassy bombings in East Africa, the White House kept putting out the same sound bite on every network. An unnamed senior official was quoted as saying: "We will not forgive and we will not forget." That is a noble sentiment. There is only one problem. If you look at the Clinton administration's foreign policy over the past two years there has been a consistent pattern of forgiving and forgetting.

In March, after Saddam Hussein threw out the UN inspectors and the United States threatened force, the UN secretary-general, Kofi Annan, worked out a new arrangement for weapons inspections in Iraq. The Clintonites insisted that this new deal be codified in UN Security Council Resolution 1154, dated March 2, 1998. The UN resolution stated that Iraq had to provide "immediate, unconditional and unrestricted access" to UN inspectors,

and that "any violation would have the severest consequences for Iraq."

Well, last week the Iraqis informed the United Nations that they were totally "suspending cooperation" with the UN inspectors. What was the U.S. response? It sure wasn't the severest consequences.

Clinton officials said that all the Iraqis were doing was shooting themselves in the foot — not complying with the UN inspections. But this assumes that Saddam's priority is to get the sanctions lifted. What if his real priority is to get rid of the inspectors so he can keep his remaining weapons of mass destruction?

Clinton officials will tell you that finding a solution for Saddam is hard, especially with America's feckless allies. I agree. But then

someone should explain how doing nothing advances U.S. interests.

In May, Secretary of State Madeleine Albright met in London with Prime Minister Benjamin Netanyahu of Israel and the Palestinian leader Yasser Arafat, presented them with a carefully balanced U.S. peace plan and told them each that they had until the next week to say "yes." If they did, the president himself would oversee the opening of final status talks between them. If they said "no," reporters were told, the United States would make clear publicly its plan and who was blocking it.

Mr. Arafat said "yes." Mr. Netanyahu said "no." Mrs. Albright has barely been heard from on this issue since. Is Mr. Arafat not living up to his "yes"? Is Mr. Netanyahu being obstinate? Is the U.S. peace plan still operative? Aw, just forget it.

In June, the Serbian leader Slobodan Milosevic began squeezing ethnic Albanians out of Kosovo. Mrs. Albright made some very tough statements about how this new Serbian aggression would not be tolerated. Well, I don't know how many thousands of Albanians have been driven from Kosovo by Mr. Milosevic since those threats were made, and ignored, with few consequences.

Is Kosovo a difficult problem? Yes. So then explain why the policy has changed. But don't ask us to forget in August what was just said in June.

For two years now the Clinton team has been saying that it could expand NATO without any negative impact on Russia's ratification of the START-2 treaty — which would slash Russia and America's nuclear arsenals, a vital U.S. interest. But month after month goes by and the Russian Parliament still refuses to ratify

START-2. What is going on? Officials once tried to explain Iraq on CNN, it didn't work, and now it appears that they don't want to explain anything — especially with their best explainer, Bill Clinton, drowning himself out with his own Marine Band.

Mrs. Albright has all the right rhetoric for a secretary of state with an activist president behind her. But activist rhetoric without an activist president looks like empty bluster. America ends up with all the disadvantages of being the world's richest and most powerful nation — without any of the advantages, like feeling as though it is shaping world events America's way.

It seems in recent months as though we have gone from a one-superpower world to a no-superpower world, and that is something no one should forget or forgive.

The New York Times

All the U.S. Embassies Are Open to Danger

By Derek N. Shearer

LOS ANGELES — In the aftermath of Friday's bombings in Kenya and Tanzania, some have blamed the State Department for failing to provide adequate security. But as a former American ambassador, I agree with the Clinton administration officials who say that there is no such thing as absolute security at home or abroad.

What has been overlooked in recent days is that embassy officials are conscious of security risks, particularly those posed by terrorists. Few places in the world are as safe for Americans as Finland. But even in quiet Helsinki

MEANWHILE

there were unsettling incidents during my time there as ambassador.

One morning, at 2 o'clock, our video cameras picked out a man as he scaled the perimeter fence and headed for my residence in Helsinki.

The Marine guards had lost sight of him, so we asked the local police, who were stationed outside the embassy, to join in the search. The intruder had jimmied open a garden door to my residence and was sitting downstairs on the couch, smoking a cigarette, when we found him. Luckily, he was unarmed. He was mentally ill, but he posed no threat.

As a result of this incident we rebuilt our fences, added new security cameras and heightened surveillance. These measures helped, but they did not solve the problem. A year later there was a second intruder, a young man who entered the embassy foyer carrying a bag. He told the Marine on guard that he had a message from Colonel Moammar Gadhafi of Libya and that the ambassador must deliver it to President Bill Clinton. He also said his bag contained a bomb.

We evacuated the building and summoned our entire Marine contingent. A Finnish SWAT team came and arrested the intruder, who had no bomb, as it turned out.

In my remaining time in Helsinki we regularly upgraded security and revised procedures. We were especially alert to the dangers of car bombs. We banned parking across from the embassy and arranged for the police to patrol the street more regularly. We trained cameras on the street and made sure suspicious vehicles were reported. My colleagues in other European capitals took similar precautions, especially after the 1996 attack on American troops in Saudi Arabia.

But even such precautions go only so far. A terrorist who is willing to die might well breach our defenses with a bomb he carries himself or in a car. And embassies will always be vulnerable because they are not designed to be armed forts in hostile territory. On the contrary, they are centrally located on downtown streets, where they are accessible to citizens seeking visas or doing diplomatic business, as well as to Americans needing assistance.

In 1985, a panel led by retired Admiral Bobby Ray Inman called for stronger fortification of all American embassies. These plans were not fully carried out. But even if they had been they were not a panacea.

The terrible events in Nairobi and Dar es Salaam have reminded us that the United States accepts responsibilities and risks that other countries are spared.

And while Americans who serve in diplomatic missions abroad are not usually viewed as frontline soldiers, they and those who associate with them have sometimes sacrificed their lives. This, sadly, is part of the price America pays for its global leadership.

The writer, the American ambassador to Finland from 1994 to 1997, teaches at Occidental College in Los Angeles. He contributed this comment to The New York Times.

Dear Monica: Prepare Yourself for What's Next

By John Dean

LOS ANGELES — The underlying events of the Monica Lewinsky investigation versus those that led to Watergate appear to me as different as love and hate, with one investigation involving a president who has been accused of collecting lovers and the other a president who attacked his enemies. The only parallels between my case and Ms. Lewinsky's are that we both had information about a president and that investigators wanted it.

I know what it is like to be thrust on the national media stage in a confrontation with the most powerful man in the world, and it is, to put it mildly, a maddening experience. Like Ms. Lewinsky (now 25), I was young (then 33) when I was put in that position. It is that experience which prompts my letter to this young woman.

While it is not exactly a cheery note, if she were my daughter these are matters I would want her thinking about.

Dear Monica,

I must apologize for the public nature of this communication, but I wanted to tell you that if past is prologue life may get worse before it gets better. From what I have read I understand you want to get on with your life. That won't be easy, however, until Congress decides what it is going to do with your life.

When the Watergate cover-up began to fall apart, in the

spring of 1973, there was much discussion in the White House about my having to testify before a grand jury, which by law is supposed to be a secret proceeding. Had Watergate been unraveled before a grand jury, I doubt Richard Nixon would have been forced from office. Congress figured as much and made sure that Watergate was not resolved in secret grand jury proceedings.

This history was repeated with the Iran-contra affair.

Beware the jackals, and good luck.

Rather than let Lawrence Walsh, the independent counsel, initiate secret grand jury proceedings and then trials (in federal courtrooms, which prohibit cameras), a Democratic Congress held highly visible investigations. After the November elections it will be difficult for a Republican Congress not to investigate your relationship with the president, so your life may be disrupted a lot longer.

While testifying in the windowless grand jury room in the federal courthouse in Washington is not a pleasant experience, when compared with appearing before a televised

congressional hearing it will seem a delight. If you think your privacy has been invaded already, you will find that the grand jury room was like a confessional booth compared with your visit to Capitol Hill to talk about your relationship with the president.

Monica, as long as your testimony remains in the grand jury, and you do not go on television, you cannot be effectively attacked by the president's defenders. At this stage they really don't know what you have said and can only speculate. But once you make public statements, everything will change. Your decision so far not to discuss these matters in public is very, very smart.

If you go public (or if Congress forces you to) those who have a personal stake in Bill Clinton's presidency (be it emotional, political or otherwise) will come roaring to his defense. This is almost a Pavlovian reaction, for when you tarnish a president you blacken his presidency (and all those who are part of it). You've seen the way Mr. Clinton's defenders have dealt with charges, whether founded or not, by Jennifer Flowers, Paula Jones and Kathleen Willey.

During Watergate there were unbelievably nasty and false efforts to discredit me and what I said. Remnants of these efforts continued for 25 years, fueled by a few of Watergate's most unrepentant felons working with the Nixon apologists. So be prepared for this to go on in some degree for the rest of your life.

For your sake, the president's and the country's, I hope you are spared having to testify before Congress. Nothing will help you recover your real life faster than being spared that ordeal. If Congress does proceed, however, you should fight for closed hearings.

Congress is entitled to your testimony, but you are entitled to your privacy.

While you wait for Congress to decide what it is going to do, head down to one of those bookstores that fought to protect your privacy.

Find a copy of Elliott Abrams' "Undue Process." It is an insightful report about his experiences with the Independent Counsel Act. You'll understand that what you've been through may be more the doing of the stat-

ute than of Kenneth Starr. There's another book you should read. I recommend it not to frighten you but to make sure your antennae are up and operating. Let me explain, for it's a sensitive subject.

Radio and cable talk shows as well as the myriad print and electronic media (like Web sites) that make your daily grist are unconcerned about how easily they can stir up the lunatic fringe. No doubt you are getting a fair share of nut mail, and you should promptly notify the independent counsel (or the FBI) of any and all threats you receive because it is now a federal crime to threaten a witness.

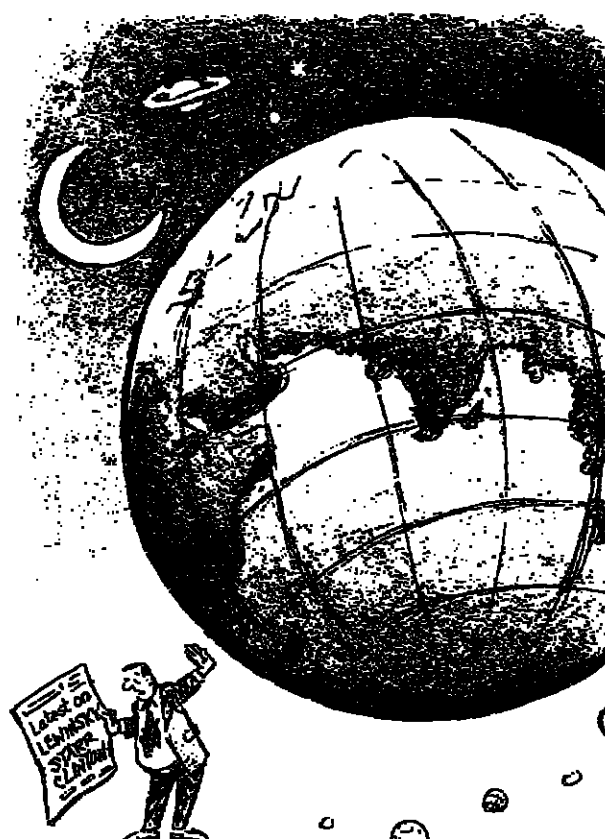
When I testified against the president I got a lot of that kind of mail and found myself living under the full-time protection of the Federal Witness Protection Program. The only Nixon supporter to openly voice a desire to do me harm turned out to be G. Gordon Liddy, Watergate's most decorated felon who epitomizes the difference between Watergate and this investigation of President Clinton. For this reason, I suggest you read Gavin de Becker's book "The Gift of Fear." It could save your life.

Monica, there is one final matter of consequence I should call to your attention. As a result of being thrust to the forefront of a presidential investigation, you have clearly become a "public figure" under a body of First Amendment law that means, when anyone falsely attacks you in a defamatory manner, you will find it extremely difficult to protect your reputation. In libel, slander and invasion of privacy lawsuits the deck is stacked against public figures.

Indeed, the laws, and many courts, will be hostile toward your efforts to protect yourself. They impose the toughest standard of proof as well as onerous procedures on public figures who have been trashed by the media and try to fight back. You can count on being attacked by the jackals, but if they hurt you with false information, please go after them. The only way to stop them is to go after them. Otherwise they will try to devour you. I know.

Good luck.

The writer, an investment banker and the author of "Blind Ambition," was the White House counsel during the Nixon presidency. He contributed this comment to The New York Times.



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LETTERS TO THE EDITOR

Blaming Muslims

I was disturbed to see in your coverage of the Nairobi and Dar es Salaam terrorist attacks the assumption that they were the work of Muslims or Middle Easterners. The investigation has just begun; nothing is yet known.

But your report said that, while American officials in Dar es Salaam "puzzled over the physical details of how the bomb got so close to the embassy, there was perhaps less puzzlement over why Tanzania was chosen as a site to attack an American embassy." Tanzania "is the most Muslim country in East Africa" (IHT, Aug. 10).

Three years ago, when the Alfred P. Murrah Federal Building was bombed in Oklahoma City, speculation ran rampant that the culprits were Muslims. Even after it was found that American anti-

government militants were responsible, few voices in the media bothered to apologize to Muslims for the media's role in such scapegoating.

Regardless of who is found to be behind the bombings in Kenya and Tanzania, one would have hoped that the experience of Oklahoma City would have served as a warning against drawing premature conclusions and as a lesson in journalistic responsibility.

SHIRIN SINNAR.

Petaling Jaya, Malaysia.

Budget Surplus

Instead of quarreling over the disposition of an expected budget surplus, Bill Clinton and Congress should concentrate on reducing the huge national debt, or at least on creating a nest egg in anticipation of future recessions.

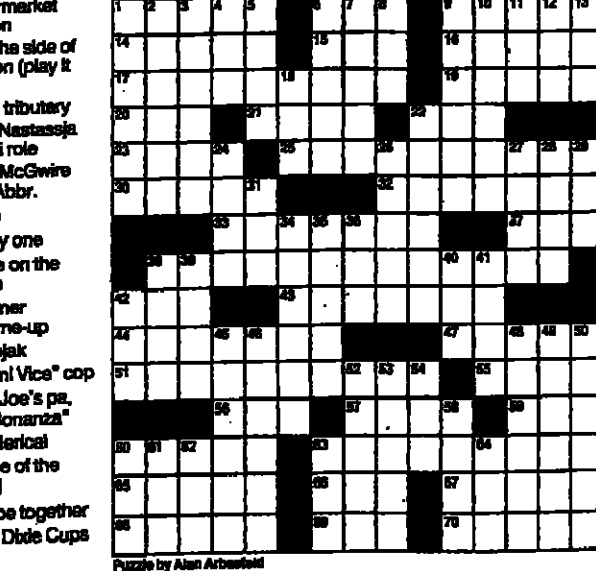
T.R. FRONTENAC.

Bordes de Riviere, France.

CROSSWORD

- ACROSS**
- Start of a well-known series
 - Forest denizen
 - Dry (off)
 - Retinue
 - New beginning?
 - Lesson
 - 25 million to 1, maybe
 - Put a spell on
 - Director Lee
 - Kind of alert
 - Round Table address
 - Gulf war missile
 - Cruising for candy

- DOWN**
- "It's about time!"
 - Something to bust
 - Strong string
 - Deli's partner
 - "The Duke of Hazzard" spinoff
 - Grant
 - Sitting spot
 - Frazier's specialties
 - Gauguin locale
 - Moon of Uranus
 - Grow, in a way
 - Summer in France
 - Rain
 - Martian
 - Position



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Solution to Puzzle of Aug. 11

ACROSS: 1. SAGE, 2. FADE, 3. DECAY, 4. PURE, 5. ALI, 6. ECLE, 7. ORAN, 8. RAIN, 9. BOXIN, 10. NOHARMNOPOUL, 11. GRATIS, 12. LUG, 13. ODE, 14. YAM, 15. SOLVER, 16. AVER, 17. AQUAE, 18. ARENA, 19. NOOUTSHOGLORY, 20. GEMME, 21. ARLEN, 22. EBB, 23. ASH, 24. APOLLO, 25. SEX, 26. ASH, 27. DING, 28. UICER, 29. GLEAD, 30. ENDO, 31. MONET, 32. YEARS, 33. PANDA, 34. YAPS, 35. NEBS

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INTERNATIONAL

Israel Yields to U.S. on Discussing Treaty to Ban Nuclear Materials

By Lee Hockstader
Washington Post Staff Writer

JERUSALEM — Yielding to U.S. pressure, Israel moved Tuesday to drop its opposition to talks about a new treaty that would halt the production of fissile material for weapons of mass destruction.

But by announcing merely that it had no objection to the talks—and dodging the question of its own participation in formulating a new treaty—Israel signaled that it is unlikely to allow international inspectors to delve deeply into its highly sensitive nuclear weapons program.

Until Tuesday, Israel was the only member of the 61-nation UN Conference on Disarmament that objected to convening a committee to begin negotiations on the treaty, which would ban the production of plutonium and highly enriched uranium.

India and Pakistan—who also had been

resisting international pressure following their test explosions this year—both said earlier that they were ready to engage in negotiations.

Israel said in an official statement that it was dropping its objection in light of a request by President Bill Clinton. The statement quoted Prime Minister Benjamin Netanyahu as adding a significant caveat: "We have made clear that our support for establishing the committee does not mean we are taking a position toward finalizing the treaty or its contents."

Mr. Netanyahu added that Israel has "problems of principle with the treaty"—an apparent allusion to possible inspection and verification procedures—that "we will have to discuss with the United States."

In bowing to pressure in favor of the proposed treaty while still safeguarding an escape hatch for itself, Israel may simply have put off its day of diplomatic reckoning.

Once the treaty is drafted—with or without

Israeli participation—the government of Israel may again come under intense pressure to sign, a step that it would likely regard as imperiling its nuclear secrecy. If it refuses to sign, it could face diplomatic isolation and the possibility of sanctions.

For decades, Israel has maintained a carefully nurtured ambiguity about its nonconventional military capabilities, neither confirming nor denying the generally accepted view that it has a formidable stockpile of nuclear weapons.

The announcement Tuesday is not a sign that it is ready to reverse that stance—for instance, by allowing international monitors to comb through its nuclear reactor at Dimona, in the Negev. Such an inspection, depending on how it was conducted, could reveal what materials Israel has produced and in what quantities.

"We didn't say no, but we're not saying yes either," said Ze'ev Schiff, military analyst for the Israeli newspaper Ha'aretz, in an interview.

"The idea is to keep what we have without saying what we have," Yiftah Shapir, an analyst at the Jaffee Center for Strategic Studies at Tel Aviv University, said. "Frankly, the ambiguity has served Israel well for the past 30 years or so, and going out into the open like India or Pakistan did would do us no good. We have all the benefits of deterrence without revealing much."

Until 10 years ago, Israel turned its back on most global arms agreements. But it has agreed to some accords, and in 1997 it signed the Comprehensive Test Ban Treaty, agreeing not to test nuclear weapons in any form.

But a commitment to ban the production of fissile material—known to arms control analysts as the "cut-off treaty"—goes closer to the heart of some of Israel's most closely guarded national security secrets.

"The cut-off treaty gets much closer to the question of what is going on in Dimona and what

kind of nuclear capability Israel might have," said Gerald Steinberg, an Israeli arms control expert.

The big question is: What is the nature of Israel's next dilemma? Will it be whether to take an active role in drafting the treaty?

"If you're out of the negotiations, you're not obligated to sign but you're isolated and can't influence the terms," Mr. Steinberg said. "If you're in, you can influence the terms, but once it's completed it's hard not to sign the agreement."

■ Geneva Negotiators Agree on Talks

Disarmament negotiators in Geneva agreed Tuesday to set up talks on a treaty banning the production of material used to make nuclear weapons. The Associated Press reported.

Delegates at the conference expect substantive negotiations to start next year.

FBI Focuses on Pickup Said to Deliver Bomb

Pieces of Autos Assembled at Blast Site

By James C. McKinley Jr.
New York Times Staff Writer

NAIROBI — Federal agents began reconstructing hundreds of pieces of automobiles blown apart by a powerful bomb at the U.S. Embassy here last Friday, in a painstaking attempt to identify the pickup truck that witnesses say exploded.

Working on the grounds of a railroad company headquarters across the street from the blast site, dozens of agents tagged parts of automobiles and arranged the remains of various cars in a circle.

Kenyan police technicians in white lab coats carried more canisters of debris from the blast site, which the American experts sifted with rakes for metal parts.

FBI agents declined to comment on their investigation, saying they had received orders from their superiors in Washington not to talk to reporters.

"We are not an official presence here," one FBI supervisor said.

But it was clear the U.S. agents had in large part taken over the investigation from the Kenyan police. The local Criminal Investigations Division headquarters was swarming with American law-enforcement officers, who carried computers and other sophisticated equipment into the building.

At the blast site, the death toll continued to rise as rescue workers from Israel, France, the United States and Kenya continued to pull bodies from the rubble of the seven-story Ufundi Co-operative Building.

It bore the brunt of the blast aimed at the American mission next door and collapsed.

By nightfall, more than 18 more mangled bodies had been extracted from the tons of concrete, bringing the death toll to 224, Kenyan authorities said. Many of the bodies were found in groups of two or three. Some were too dis-

figured to be identified, they said.

As cranes and backhoes ate away at the mountain of rubble, rescue workers said no one was believed to be left alive in either the embassy or the Ufundi structure.

"We are getting down to the area now where we have uncovered most of the empty spaces, and we are getting to compact rubble," a rescue worker said. "Chances are getting very slim of finding someone alive at this point."

The bomb was detonated at about 10:35 A.M. Friday morning in a parking lot behind the embassy.

The accounts of witnesses interviewed by the press and investigators so far vary wildly in many details, but they agree on a few key points.

Most witnesses say a pickup with a covered flatbed made its way past a flimsy crossing-gate manned by the Co-operative Building's security guards. Then, according to most accounts so far, the pickup approached the entrance ramp to the embassy's underground garage, which was manned by a Kenyan guard, and at least one man got out of the truck.

What happened next is unclear. Some witnesses recall gunfire.

Others say the attacker hurled an explosive device at the embassy, perhaps a hand grenade or some other small explosive intended to stun the guards.

A few seconds later a devastating explosion gutted the rear of the embassy, leveled the Ufundi House and damaged buildings in a 200-yard radius.

Another witness surfaced Tuesday at Kenyatta Hospital.

Douglas Sidialo, a 27-year-old car salesman who was blinded in the blast, saw the pickup enter the parking lot through a gate normally used as an exit.

Mr. Sidialo was sitting in his car in traffic, said it appeared the truck was trying to force its way through the gate into the embassy parking garage.

"I think the security officers at the American embassy retaliated," he said from his bed. "I didn't exactly see the retaliation, but I heard the gunshots."

Mr. Sidialo said he saw a man in a blue uniform with a hand-held radio walking calmly away from the pickup just before the blast. Then he lost consciousness.



Women sweeping up near the U.S. Embassy in Nairobi on Tuesday, four days after it was wrecked by a bomb.

SURVIVOR: 'Courage of the Mind' Is a Lifeline for Blast Victim

Continued from Page 1

in a brown blanket, was elevated on a wooden chair.

Mr. Nganga, dressed in a light blue hospital gown, said that when he heard an explosion, he and the businessmen he was talking to scrambled out of the first-floor office.

They had made it to a corridor when a second blast struck with a force that dwarfed the first.

Suddenly he found himself against the collapsed staircase. The explosion had propelled him about 30 feet.

"Where are you?" he yelled to his colleagues. "Where are you? Where are you?"

Silence.

He was in the dark. He struck a match and realized he had fallen into a precarious pocket amid the rubble. He took off his belt and hoisted himself closer to the staircase, in case more debris fell.

Then he waited. And prayed. He thought about death and about whether

another explosion would come. He tried not to think about time.

At one point, Mr. Nganga was able to talk to a woman who apparently was trapped near him. He also could hear the voices of rescue workers.

The rescuers, led by a team from the Israeli Army, asked, "Are you all right?"

He kept saying, "We're O.K."

On Saturday, rescuers finally reached him. Just before they rugged him to safety, he told the woman: "They have come. They are coming for you."

One rescuer squeezed in behind him, pushing him along; another held his hand, guiding him as they traversed the fragile terrain of hanging steel and crumbled concrete, dipping through small tunnels, "going this way, then that way," Mr. Nganga said.

Meanwhile, anxious relatives who knew he had gone to do business at Ufundi House on Friday morning saw his story on a television news program Saturday night.

"We had no idea," his cousin, Dominic Mshoro, 54, said at the hospital. "We didn't know what time of day he had been there."

On Sunday, Mr. Nganga's relatives began searching city hospitals because they did not know which one was treating him. They found him at the fifth hospital they tried.

That day, Mr. Nganga, who has a wife and two grown children, underwent three hours of surgery. Doctors repaired compound fractures to his lower left leg and treated numerous cuts and bruises. Several of his teeth had been broken, and his tongue was split.

His ordeal over, Mr. Nganga now waits as rescuers continue to pick through the crumpled structure for the woman who was trapped near him. The workers cling to the thin hope of finding her.

The businessmen Mr. Nganga had been meeting remain missing, and he could say only, "No one knows what has happened to them."

Video Camera Of Embassy In Tanzania Gives No Clues

Reuters

DAR ES SALAAM, Tanzania — The video camera on the roof of the U.S. Embassy in Tanzania did not record the sequence of events leading up to the blast that killed 10 people on Friday, a U.S. diplomatic security official said Tuesday.

The camera was not linked to a video recorder but only to a monitor watched by U.S. Marines inside the embassy building, the official told reporters.

Investigators had hoped that videotape from the security camera could provide clues to the identities of the attackers.

The Tanzanian police, meanwhile, said they had rounded up 14 foreigners in their search for the bombers.

"The reason for the arrests are their dubious characters," said Aden Mwamunyange, assistant police commissioner, "and intelligence information suggests that they may be involved in the explosion."

The suspects were six Iraqis, six Sudanese, a Somali and a Turk, he said.

"All the above-mentioned people failed to produce their passports," he said. "They were unable to explain satisfactorily their presence in the country."

About 75 people were injured in the bombing of the embassy in Tanzania.

A previously unknown group calling itself the Islamic Army for the Liberation of Holy Sites claimed responsibility for the bombs. There has been no evidence to support its claim.

Mr. Mwamunyange said that none of the 14 unnamed people held in Tanzania had been charged with any crime. They were arrested at different times across the capital and it was unclear whether they knew each other.

The Sudanese suspects included one who said he worked for the Saudi Arabian Embassy in Dar es Salaam and five who said they were visitors. The Iraqis included a civil servant, an engineer, a teacher, a telecommunications technician and an agricultural engineer.

Meanwhile, in the southern African country of Swaziland, two buildings housing U.S. Embassy offices were evacuated after a bomb threat on Tuesday. The police found nothing.

EMBASSIES: Five Attacks Foiled

Continued from Page 1

ism, said Monday that elaborate means are used to infiltrate terrorist groups targeting U.S. facilities. He recalled an episode in the mid-1980s when U.S. intelligence recruited a terrorist who had been assigned to bomb a U.S. embassy in Europe. The putative bomber, Mr. Oakley said, was allowed to detonate a bomb inside the compound in such a way that little damage was done, far removed from U.S. personnel, so that his relationship with U.S. intelligence was not exposed.

"They work hard at it," he said of the CIA's embassy security efforts. "But as Tenet has said this year, we rely too much on technical intelligence, and we don't have enough human intelligence out there—and the terrorists are getting sophisticated about evading our technical intelligence."

Since the bombings, State Department officials and members of Congress have called for substantial funding increases to bring most or all U.S. embassies up to security standards recommended in the mid-1980s by a panel on diplomatic security headed by a retired admiral, Bobby Ray Inman.

But beyond the so-called Inman standards, which call for 75-foot (23-meter) setbacks from the street and 9-foot walls at all embassy compounds, Mr. Goss emphasized the need to realign intelligence capabilities, once arrayed primarily against the Soviet Union, to combat global terrorism. He also noted that the number of CIA stations operating in Africa had been cut significantly.

"If you cut back on your coverage of intelligence," Mr. Goss said, "are there consequences? Yes. And I would say that is something that somebody who has the oversight responsibility for intelligence will be looking into."

A senior intelligence official noted, however, that both Nairobi and Dar es Salaam were not among the capitals to lose an intelligence presence.

The bombings in East Africa have triggered one dozen to two dozen new threats telephoned in to U.S. installations, said Patrick Kennedy, assistant secretary of state for management.

Sources with knowledge of the CIA's work last year circumventing attacks said every agency success breeds a change in tactics by terrorist groups, which often spend as much time studying the CIA as the agency spends studying them. The result, the sources said, has been tighter compartmentalization of terrorist operations, where cells responsible for planning an attack do not know who assembles the explosives.

Kabila Assails Rwanda and Uganda for 'Invasion'

Continued from Page 1

KINSHASA, Congo — President Laurent Kabila lashed out Tuesday at the leaders of Rwanda and Uganda for what he called their invasion of the Democratic Republic of the Congo.

Returning from inconclusive regional talks on renewed fighting in the former Zaire, Mr. Kabila again pledged to arm Congolese for what he predicted would be a long war.

"Weapons are going to be handed out to tens of thousands of people for them to defend their country and to defend their sovereignty," Mr. Kabila told state radio at the Kinshasa airport.

"I fully support the decision taken by young people who ask to be armed. We shall do so," he said. "I believe it is a good thing that young men and women from across the country say they are going to fight against the

attackers. This is only fair, and a war toward that end cannot fail. The adventure is going to fizzle out."

Mr. Kabila repeated charges that Uganda and Rwanda's Tutsi-led army had invaded to back the Congolese Tutsi in the fighting that has spread to the west of the sprawling country.

The two countries, which helped Mr. Kabila topple the Zairian dictator Mobutu Sese Seko last year after a seven-month civil war, deny involvement this time.

Mr. Kabila singled out President Yoweri Museveni of Uganda, and the Rwandan president, Pasteur Bizimungu, and his deputy, Major General Paul Kagame, in his criticism.

"Bizimungu, who is Kagame's errand-boy, and the famous Museveni, who supports him, are only big liars and manipulators," Mr.

Kabila told state radio.

Mr. Kabila said agencies operating in the east of the country had witnessed the involvement of Rwandan forces. He did not elaborate.

The conflict began Aug. 2 with a rebellion by the Banyamulenge, as the Congolese Tutsi minority is called, in the east.

Government forces said Tuesday that they had retaken the western town of Boma near the Atlantic coast, while rebel Tutsi in the east said they had ample troops to overthrow Mr. Kabila.

The Congolese information minister, Didier Mumbengi, said government troops had driven rebel forces from Boma and were pushing toward the oil port of Muanda on the coast.

Boma, 80 kilometers (50 miles) east of the rebels' stronghold of Muanda on the coast, is a strategic point from which they would advance on Kinshasa to the north.

(Reuters, AP)

CLINTON: When Things Get Tough, President Adopts His Mother's Approach

Continued from Page 1

whether she was headed to church or the racetrack. That instinct carried her through such ordeals as the deaths of three husbands (including Mr. Clinton's father, William Blythe) and a divorce and remarriage to a man who drank too much and sometimes hit her.

That instinct—whether optimism or denial—is apparently hereditary. On Monday, one week before he is to give testimony to the grand jury hearing testimony on the Lewinsky matter, Mr. Clinton followed the pattern he has followed during every other crisis in a 24-year political career. He pasted on his own sunny face and plunged into the crowd. There was a morning hop on Air Force One for a health care rally in Louisville, Kentucky, a bounce in the afternoon over to a fund-raiser in Chicago and an evening haul to California, where he spent all day Tuesday before taking a red-eye flight back to Washington.

When I heard his schedule, I

said, "I'm not surprised," said a high school friend, Carolyn Staley, who stays in touch with the president. "He's getting strength from the people who elected him as they say, 'Mr. President, keep your head up. We believe in you.'"

The way to handle problems, for Mr. Clinton and his mother, was to carry on as if they did not exist. Mr. Leopoldus recalled spending hours as a boy in the Clinton home, playing cards and Monopoly. It was only some 30 years later, reading a magazine profile during Mr. Clinton's first presidential run, that he ever knew that his friend's stepfather had had a drinking problem that sometimes led to violent rages.

Mr. Leopoldus said he was reminded anew of his friend's resilience last month when Mr. Clinton spent the weekend in Little Rock, Arkansas. The president, he said, allowed as how being the target of the investigation was "rough stuff." But then he stayed up playing hearts and laughing over old stories with Mr. Leopoldus and several other childhood chums.

"I think he has down days like everyone else," said David Matthews, a Clinton friend since the time he served as a driver in the president's first campaign, a losing bid for Congress in 1974. "But he always has this confidence that things are going to work out for the best. That sustains him through ups and downs."

Friends say this buoyancy is ample proof that Mr. Clinton possesses the traits his adversaries often say he lacks: discipline and virtue. "Could a person with no character function as a president under the attacks he's faced?" Mr. Leopoldus asked.

But what is character to some looks to others like compulsiveness. Jerome Levin, a psychoanalyst at the New School for Social Research in New York, recently wrote a book theorizing that the constant swirl of sexual allegations about Mr. Clinton suggests he may suffer from sexual addiction. The craving Mr. Clinton shows for crowds, Mr. Levin said, looks also like an expression of a chronically

needy personality.

"I think when he's under attack his denial strengthens," said Mr. Levin, who argues that Mr. Clinton survived growing up under an alcoholic stepfather by "developing a style of externalization" in which he became addicted to seduction and approval. "He was looking for popularity and reassurance, and he had the stuff—the charm and verbal facility—to get it."

Mr. Levin acknowledged that this is armchair analysis, speculation based on no first-hand knowledge of the subject. But what is striking is the degree that his assessment echoes that of a person who for about 20 years was Mr. Clinton's closest political adviser, the consultant Dick Morris.

Mr. Clinton's hunger for crowd approval, Mr. Morris said, is "a manifestation of a split personality," in which the "Saturday night" side of Mr. Clinton regularly flirts with personal indiscretion while the "Sunday morning" side is forever trying to win redemption.

RUSSIA: Crisis of Confidence

Continued from Page 1

erment several months to improve its fiscal condition—it has not brought calm.

"It's a collapse in confidence about the Russian government's ability to fund itself," said Charles Blitzer, a former World Bank official and director of emerging markets research in London for Donaldson Lufkin & Jenrette Inc.

Russian debt is priced at default levels, though I frankly think that the prospect that the government would default is minimal."

In fact, many analysts believe that the problems in the Russian market stem as much from the global economic situation as from any domestic difficulties.

The price of oil, one of Russia's principal commodities and a major source of tax revenue, hit a 10-year low Tuesday, and the government said the value of oil exports in the first half of 1998 had plummeted 46 percent from 1997.

Most emerging markets in Asia and Europe absorbed major blows from the decline of the yen, which has raised fears of currency devaluations in China and elsewhere.

But if that is comforting, it does not make the Russian situation any better. As investors lose confidence for whatever reason, the price of borrowing goes up and foreign investment in the economy goes down, developments the nation's financial leaders can ill afford.

Mr. Blitzer said the Russian government appeared to be doing a credible job of carrying out the terms of the IMF loan package of early July—terms that included a

thorough overhaul of the government's convoluted tax policies and an increase in tax collections—but that it has done a less-than-effective job of explaining itself.

In particular, he said, the government has wavered in its plans for selling new debt issues, changing both the amount and scheduling of debt packages at the last moment.

Nor has it said how it intends to prevent a devaluation of the ruble.

Defending the ruble takes money, and even sanguine analysts say the government needs all the money it has—and more—just to meet domestic expenses and interest payments on its ever-growing debt.

The government said Tuesday that it had spent 10.9 percent of its consolidated budget revenue in the first three months of 1998 for interest payments on foreign debt, up from 7.9 percent in the same period last year.

The Treasury needs to issue more debt to meet those payments and other expenses, but the government decided last week to call off any more debt sales this month because demand was so low—and therefore, interest rates would have been so high—that further auctions made no sense.

Russian officials issued a flurry of statements in an attempt to persuade investors that the nosedives in the markets did not warrant a panic.

Financial experts reported that the United States had dispatched its senior authority on the Russian fiscal crisis, David Lipton, the Treasury Department's deputy undersecretary, to Moscow to discuss the situation.



Mark Thompson, left, and Anthony Ward in their connecting studios in north London.

Designing Men: Less Is More

By Matt Wolf
New York Times Service

LONDON — Anthony Ward and Mark Thompson often have designed shows that opened during the same season, and sometimes — at the Royal Shakespeare Company in Stratford-upon-Avon, for instance — even in the same week.

But the two men, who live together, concede that they found themselves in an unusual situation last month: separately employed on competing musicals, two of the season's biggest shows, and with back-to-back opening nights.

"What's strange is that I designed mine a year ago," Thompson said of "Doctor Dolittle," the stage extravaganza inspired by the 1967 film. "So mine was way down the road, and suddenly Anthony is in there designing."

Ward, who designed the sets and costumes for Trevor Nunn's new production of "Oklahoma!" said, "The idea of two big musicals opening one right after another, that's what's sort of odd." In the end, he concluded, "you've got to just get on with it."

Do the two men ever feel a rivalry, in view of the fact that they have been known to pass projects from one to the other? In 1995, Ward was mentioned as the designer for a revival of Stephen Sondheim's "Company," a show that ended up — after it was "passed across the kitchen table," the men said, laughing — being designed by Thompson.

"The thing we have the most rows about is when we're going to have time to have a holiday," said Thompson, since both are busy with commissions — opera and dance included — until 2000.

"Doctor Dolittle" opened July 14 at Labatt's Apollo to decidedly mixed reviews, though considerable applause for Thompson's elegant and witty designs, which include a riotous jumble of a study for Dolittle, in which animals from Jim Henson's Creature Shop can be seen poking out from among the rows of books.

The next night, Ward's startling visual take on "Oklahoma!" was one component of many to win acclaim in the

new staging for the Royal National Theater. His is a pioneering American West where the corn really is "as high as an elephant's eye."

In a sense, the double opening merely confirmed what those in the English theater have known for a decade. Both men are at the center of an unusual array of London-based designers who are busily reimagining the potential of what the director Peter Brook long ago called "the empty space."

Besides Ward and Thompson, both 41, others of their generation include Bob Crowley and Richard Hudson, Tony Award winners for "Carousel" and "The Lion King," respectively. In addition, there are such younger designers as Rob Howell, Es Devlin and Christopher Orram, all of whom prefer a theater of visual suggestiveness and metaphor to anything naturalistic.

Thompson is represented on Broadway by the Tony award-winning "Art," whose simple visual chic is crucial to the seductive sparseness of the production. In Thompson's aesthetic, no detail is wasted: a white carpet in the middle of the set, he said, is intended to suggest an island, inasmuch as Yasmina Reza's play concerns "three people isolated from the rest of the world."

In 1995, Thompson received a Tony nomination for his designs for Tom Stoppard's "Arcadia."

Having made his Broadway debut in 1990 with "Shadowlands," the play about the writer C.S. Lewis, Thompson might end up returning to New York twice this season if Reza's current West End hit, "The Unbearable Man," and David Hare's "Blue Room" (based on "La Ronde" by Schnitzler, which opens in London on Sept. 22) cross the Atlantic.

Ward was nominated for a Tony two seasons ago for the RSC's production of "A Midsummer Night's Dream," which inhabited a unique glade of dangling light bulbs, boldly deployed colors and a flying, upturned umbrella capable of containing an evening's assignment. He is now at work on a new adaptation of "The Lion, the Witch and the Wardrobe," from the C.S. Lewis story.

Matthew Warchus, the director of "Art" and "The Unbearable Man," is a friend of both designers. He considers them, along with Hudson of "The Lion King," to be "quietly revolutionary." Their work, Warchus said, "is often about simplifying and stripping things away, following something through to a very, very clean and defined point, and being consistent."

When you read a script, said Ward, "you're trying to find the soul of it, the center of it."

"That isn't necessarily all about walls and doors," he said. "It can be something very abstract."

For "Oklahoma!" that meant responding visually to the great open plains of pioneer country while forsaking potential clichés. "We didn't want any gingham," he declared.

In Thompson's case, when reconceiving "Company," he deliberately avoided images of the New York skyline in favor of a brightly checkered floor. "That piece of art was my response to Manhattan," he said. "It was this mad, hectic thing, but it also realistically could be an installation in someone's loft."

THE director Phyllida Lloyd has worked with both men on many occasions. She was, in fact, the person who introduced them 14 years ago when Thompson needed an assistant. Lloyd suggested Ward, who was a friend of her landlady's.

"It was remarkable how quickly they became very close friends," said Lloyd, who finds them complementary. It may be significant that while Thompson has an academic background — he was a classmate of Lloyd's at Birmingham University — Ward graduated from the Wimbledon School of Art in London and spent time as a model-maker for Hudson, the designer.

Ward spoke gratefully of Thompson's expertise: "I used to have a nervous breakdown about technical drawings, and Mark would do them for me. I'd go to the theater, and they'd ask me all these questions. I wouldn't have a clue and I'd stand there bluffing about it."

West End Real Estate Game

By Sheridan Morley
International Herald Tribune

LONDON — As yet another Edinburgh Festival grinds into action, with the usual overnight sensations that will, as always, make their way south looking distinctly hung over in about October, those of us left behind in an unusually steam-heated West End may perhaps be forgiven for considering the current state of our London theaters.

Note that plural, for we are not talking art or culture here; we are talking land values and real estate, and specifically the transfer problem at a time when there are increasingly loud rumors that Conrad Black is interested in buying the Playhouse.

By general reckoning, this has been an unusually good summer for the West End, with many more straight plays surviving there than before, many more youthful theatergoers and a general feeling that we are once again going upmarket toward serious new drama and away from quite so many brain-dead musical revivals of one kind or another.

So far, so good, but although the Old Vic appears to have been saved, there is still no secure word that its only natural and obvious tenant, Peter Hall, will be able to afford to take his company back there from the cavernous Piccadilly. This is often reckoned an "unlucky" theater, as indeed was the New London; so unlucky that when on the first night of "Cats" some 15 years ago there was a bomb scare, many of my colleagues refused to leave, on the grounds that the theater had never yet had a hit.

Just why the Playhouse should always have proved problematic, when it is on the Embankment, has excellent parking and a good in-house restaurant, has never been entirely clear, though it is by no means alone. The Whitehall, just on the wrong side of Trafalgar Square, has seldom thrived since Lord Rix last dropped his trousers there in farce 30 years ago, and is now largely given over to television chat-shows; the Shaftesbury can often prove a nightmare to program, and the Royal has disappeared forever into the London School of Economics.

The theaters most in demand are those on Shaftesbury Avenue and St. Martin's Lane, or those that can accommodate huge musicals, like the Palladium or Drury Lane; even if Sir Cameron Mackintosh should ever flag, there will always be Broadway and even Hollywood blockbusters waiting to get in there — indeed, the line is already so long that many other producers have lately had to trek out to Labatt's Apollo in Hammersmith in search of a big-band base.

Yet it is, paradoxically, the very small shows that still seem to have the most trouble in finding a West End venue. Last week I wrote here about a magical and magnificent "Cabaret" out at the Watermill in Newbury; once upon a time, say 15 years ago, that would have been sure of a home somewhere



Cheryl Kennedy and Simon Lenagan in "Room at the Top."

like the Comedy or the Vaudeville, as would countless other shows from Fringe venues like the King's Head, the Bridewell and the New End in Hampstead.

The cost of moving in to the West End from wherever, in advertising and rent alone, has maybe quadrupled in 10 years with the simple consequence that, however acclaimed, shows on the London or indeed Edinburgh Fringe are likely to stay right there. Moreover, Fringe venues are understandably unwilling to risk the open-ended run of a new play, and therefore seldom book more than four weeks.

Week one, you just about manage to get in, preview and open; week two, the word of mouth starts to spread; week three, with luck you are playing to about 80 percent; week four you sell out, turn hundreds away, and then have to close, usually forever.

This cannot, in the long term, make much sense; nor is the situation helped by the Royal Court "occupying" such attractively small West End theaters as the Ambassadors and the Duke of

York's, apparently forever, while the Donmar Warehouse now runs its own shows and can only very occasionally in summer play host to visiting companies. And all this at a time when such elegant lyric theaters as the newly restored Lyceum and the Theatre Royal Haymarket have gone over to solo shows.

True, there are still one or two borderline spaces like the Arts, though that stage is essentially for children. Currently, however, Neil Marcus, formerly director of the Jermy Street theater, has an off-Broadway musical called "No Way to Treat a Lady," based on the old William Goldman novel about the serial killer in drag, filmed 30 or so years ago by Rod Steiger.

Like the recent "Nora Blake," this is a jet-black, icy, edgy, neurotic comedy-thriller targeted at all late-night movie addicts. No, it is not "City of Angels," nor indeed is it "Sweeney Todd"; but in its low-key way it has a referential, camp, gay sensibility, not to mention an outstanding cast led by Donna McKelvie (who also choreographed), Tim Flavin and, in wondrous form as the Jewish mother from hell, Joan Savage. But Douglas J. Cohen's book, music and lyrics have had a rough ride from many of my critical colleagues, for whom any form of cabaret theater is still essentially a mistake, and the Atlantic has once again proved a rough crossing.

Yet with the King's Head giving us an admirable first staging ever of "Room at the Top," the movie that effectively created postwar British cinema, and the Donmar now offering a summer season of such cabaret divas as Barbara Cook and the Callaway sisters, there is clearly some sort of market for small-stage nostalgia of one kind or another. All we appear to lack are the West End theaters to put it in.

BOOKS

COCAINE NIGHTS

By J.G. Ballard. 329 pages.

\$23. Counterpoint.

Reviewed by Elizabeth Hand

I BELIEVE we should all behave rather differently if we lived in a warm, sunny climate all the time," wrote Noel Coward in "Private Lives." It seems an odd pastime, chronicling the behavior (usually bad) of cold-blooded people in hot places: Witness the works of Evelyn Waugh, Graham Greene, Joseph Conrad, among others. In "Cocaine Nights," J.G. Ballard takes this scenario and stretches it almost to the breaking point.

Ballard occupies an interesting place in modern literature, somewhere between the doped-up hauteur of William Burroughs or Paul Bowles and the plugged-in sci-fi noir of William Gibson. In early works like "Chronopolis," "The Drowned World" and "The Terminal Beach," Ballard defined a type of '60s cool, using chilly, almost aseptic prose to illuminate his extraordinary vision of a world out of balance: a drowned London teeming with (nonhu-

man) life, men and women drawn more to rusting machinery and desolated landscapes than to each other.

By the 1970s, with books like "Crash," "High-Rise," and "The Atrocity Exhibition," Ballard dropped any pretense that the transgressive horrors he was describing existed anywhere but Right Here, Right Now, a literary conceit that reached its zenith in the autobiographical "Empire of the Sun," Ballard's account of his childhood internment in a Japanese prison camp during World War II.

The setting of "Cocaine Nights" evokes the concrete-and-steel temples of cultural desuetude in "High-Rise" or the eponymous resort of Ballard's "Vermilion Sands." Club Nautico is a bastion of privileged British retirees in Estrella de Mar on Spain's Costa del Sol, a place where "the golf courses began to multiply like the symptoms of a hypertrophied grassland cancer." To this dysphoric Neverland comes Charles Prentice, a successful English travel writer whose peripatetic childhood in Riyadh seems to have amply prepared him for his career.

But the purpose of

Charles's visit is neither business nor pleasure. He has come to Estrella de Mar to save his brother Frank, former manager of the Club Nautico, imprisoned for a crime that not even the cynical local authorities believe he has committed.

It seems that Frank was at the right party at the wrong time, a summer frolic celebrating the Queen's Birthday. While 200 English guests mingled outside, engaged in the traditional expatriate pursuits — drinking, drugs, wife-swapping, tennis — the hosts of the gathering, Mr. and Mrs. Hollinger, and three friends were immolated inside their locked-off, temperature-controlled mansion. The unknown arsonist created this ingenious auto-da-fé from various flammable materials and the mansion's cooling system — an air-conditioned nightmare, indeed! — and for reasons Charles Prentice can't comprehend, his gentle brother has chosen to plead guilty to five counts of murder.

Well, needless to say, there's fighting words to the mild-mannered but intensely loyal Charles. And who could resist the opportunity to spend the summer investigating Estrella de Mar and its dissolute inhabitants — the beautiful Dr. Paula Hamilton, Frank's former lover; the dour mechanic Gunnar Andersson; an eminently worldly-weary psychiatrist whose predilections for full-body therapy with young female patients earn him social disdain but seem not to have cost him his medical license.

By far the most seductive of all Estrella's members is Bobby Crawford, the resort's youthful, energetic tennis pro, who quickly befriends Charles — just as he befriends Frank

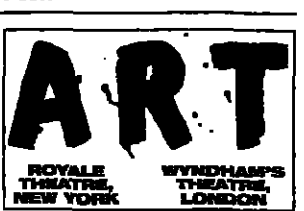
Prentice when he first took over Club Nautico.

All of this would seem to be the ideal setup for a clever, if generic, mystery. But in fact Ballard has a more intriguing modus operandi. His novel is a bit of metaphysical terrorism as carefully planned and executed as that fatal blaze in "Cocaine Nights," nobody has a believable motive for killing the Hollingers; yet their deaths were indisputably not random acts of violence.

Instead, Ballard presents an entire culture that deserves a horrible death — the "willed limbo" of those ubiquitous retirement communities that have metastasized across the globe.

Of course, this insular, effortless realm is exactly the sort of place that Ballard specializes in destroying. Bobby Crawford turns out to be no ordinary tennis pro, but a veritable Lord of Misrule. Charles Prentice's descent into sunlit Hell aligns the tale with neo-noir works like Kern Nunn's "Tapping the Source" and William Hjortsberg's "Falling Angel," which owe more to "Heart of Darkness" than to "In the Heat of the Night." And so it all ends badly, with a resolution at once bloody, inevitable and extremely satisfying.

Elizabeth Hand, a novelist, wrote this for The Washington Post.



What's Making 'Sammy' Sell?

By Ralph Blumenthal
New York Times Service

NEW YORK — Never mind what makes Sammy run. What makes Sammy sell? Reports of a movie deal, that's what.

Fifty-seven years after Budd Schulberg's corrosive Hollywood novel "What Makes Sammy Run?" became a runaway best seller, the story of the back-stabbing newspaper copy boy who claws his way to mogulhood turned up once again on a best-seller list.

It popped up unexpectedly as No. 8 on the Los Angeles Times Book Review paperback nonfiction list for one week last month. That was a mistake, Steve Wasserman, the paper's book editor, said later. It should have been listed in the fiction column.

Still, what was a 1941 book doing on any best-seller list in 1998? The publisher, Vintage Books, which re-issued the novel in 1990 in time for its 50th anniversary, had no ready explanation. A spokeswoman for Vintage, a division of Random House, said the book had been selling steadily at about 1,000 copies a year.

Schulberg, who was ostracized in Hollywood after "What Makes Sammy Run?" came out but who later wrote the Oscar-winning screenplay for the 1954 film "On the Waterfront," also confessed surprise upon being told of the sudden new popularity of his archetypal villain. But from his home in the Hamptons, the 84-year-old author and veteran screenwriter supplied a clue: "There's been a good deal of print about a film," he said.

Ben Stiller, the comic actor and director, and son of the comedians Jerry Stiller and Anne Mearns, is the co-writer of an adaptation of the book and has said he would like to direct it. After being briefed last week on yet another meeting at Warner Brothers, Schulberg reported, "It's pretty close, I think." It wouldn't be the first dramatiza-

tion: A television version of the book was broadcast in two parts by NBC in 1960 and a musical version with Steve Lawrence ran on Broadway for 540 performances in 1964 and 1965. But a full screen treatment of "What Makes Sammy Run?" more than half a century after the furor would be of more than passing interest in Hollywood.

A leading Hollywood bookstore, Book Soup on Sunset Boulevard, said it had seen a recent spike in sales of the book. Many of the more than 100 copies sold so far this year went in recent weeks, said Toshi Berman, a clerk.

A run on books tied to movies is a familiar pattern. Berman of Book Soup said Francis Ford Coppola's 1992 movie "Bram Stoker's Dracula" stirred

"You'll never work in this town again."

great interest in the classic original. So did "Last Exit to Brooklyn," the 1964 novel by Hubert Selby Jr. that was made into a movie in 1989.

But people who see the movie and then want to read the book are one thing. These movies are not out yet. Recently, Berman said, the store quickly sold three dozen copies of "American Psycho" by Bret Easton Ellis, undoubtedly on reports that the controversially brutal novel may be heading for the screen with Leonardo DiCaprio.

Often, Berman said, his customers are actors looking for a role, or screenwriters and production assistants. But is that enough to make a best-seller? Perhaps in Hollywood, where reading is often confined to "covers" — studio synopses of books rather than the books themselves.

However it happened, Schulberg is hardly quibbling, especially after the ostracism he suffered in the *succes de scandale* of "What Makes Sammy Run?" when Hollywood obsessed

over identifying the real Sammy and cries of anti-Semitism were hurled at his Jewish creator.

Schulberg, who always said Sammy was a composite character, long ridiculed the notion that creating a Jewish literary villain made all Jews out to be villains. Many of Sammy's victims were Jews too, he said, and Sammy Glucks came in all religions and ethnicities.

But you couldn't tell that to the movie industry in 1941. "You'll never work in this town again," his father B.P. Schulberg, once head of Paramount, wrote him sadly. "How will you live?"

The Hollywood columnist Hedda Hopper accosted him in a restaurant, huffing: "How dare you?" And Schulberg recounted, his own dear "Uncle Louie," Hollywood's boss of bosses Louis Mayer, demanded his deportation. His father stood up for him. "He's the only novelist who ever came from Hollywood," his father said. "Where do you think his St. Helena should be? Catalina Island?"

Still, Schulberg said, he was hounded out of Hollywood. He resettled in New Hampshire, where he had written "Sammy." He later became immersed in new controversy when he appeared before the House Committee on Un-American Activities, supplying names for its investigation of Communists in the movie industry. He did not return to Hollywood until the 1960s.

As happy as he is over the durability of his book, he is troubled by what he called, in an afterword to the 1991 re-issue, "a disturbing shift in what was to become a 180-degree turn in our national attitude toward Sammy."

He had given a talk at Hofstra University, he said, when a young man came up to thank him for creating Sammy Gluck and said: "He's a great character. I love him. I felt a little nervous about going out into the world and making it. But reading 'Sammy' gives me confidence. It's my Bible."

After that, Schulberg said, he couldn't bring himself to shake hands.

BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		
FICTION		
This Week	Last Week	Weeks on List
1 I KNOW THIS MUCH IS TRUE by Wally Lamb	2	6
2 POINT OF ORIGIN by Patricia Cornwell	1	3
3 SUMMER SISTERS by Judy Blume	3	10
4 MESSAGE IN A BOTTLE by Nicholas Sparks	6	16
5 THE KID AND I by Danielle Steel	4	6
6 BRIDGET JONES'S DIARY by Helen Fielding	5	8
7 A NIGHT WITHOUT ARMOR by Jewel Kicher	3	3
8 LOW COUNTRY by Anne Rivers	7	4
9 A WIDOW FOR ONE YEAR by John Irving	8	13
10 MEMOIRS OF A GEISHA by Arthur Golden	9	37
11 COLD MOUNTAIN by Charles Frazier	10	57
12 UNSPEAKABLE by Sandra Brown	13	7
13 THE STREET LAWYER by John Grisham	15	25
14 COAST ROAD by Barbara Delinsky	1	1
15 THE ELEVENTH COMMANDMENT by Jeffrey Archer	12	6
NONFICTION		
1 TUESDAYS WITH MORRIE by Mitch Albom	1	42
2 A PIRATE LOOKS AT FIFTY by Jimmy Buffett	2	8
3 A WALK IN THE WOODS by Bill Bryson	3	9
4 ANGELA'S ASHES by Frank McCourt	4	99
5 A MONK SWIMMING by Malachy McCourt	5	8
6 WE ARE OUR MOTHERS DAUGHTERS by Cole Roberts	9	14
7 THE MILLIONAIRE NEXT DOOR by Thomas J. Stanley and William D. Danko	7	81
8 TITAN by Ron Chernow	6	10
9 THE GIFT OF THE JEWS by Thomas Cahill	11	17
10 SHIP OF GOOD IN THE DEEP BLUE SEA by Gary Kinder	8	6
11 CONVERSATIONS WITH GOD: Book 1 by Neale Donald Walsch	10	86
12 PHILISTINES AT THE HEDDERWOLF by Steven Gaines	14	5
13 THE MAN WHO LISTENS TO HORSES by Monty Roberts	13	51
14 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL by John Burnet	12	212
15 CITIZEN SOLDIERS by Stephen E. Ambrose	19	19
ADVICE, HOW-TO AND MISCELLANEOUS		
1 SUGAR BUSTERS by H. Leighton Steward et al.	1	13
2 IN THE MEANTIME by Iyanla Vanzant	10	10
3 MARS AND VENUS STARTING OVER by John Gray	2	4
4 MARILYN HENNER'S TOTAL HEALTH MAKEOVER by Marilyn Henner and Laura Morton	3	6

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Ministry of Finance and Budget, Office of Mr. Kaba Mbouala
before 15 September 1998 at 12:00 noon, when public opening will take place.

Proposals should remain valid up to 16 November 1998. They must contain a bid bond worth CFA francs 30,000,000 (thirty Million) or its equivalent in convertible currency, established in the name of the Ministry of Finance and Budget. Bid bond is liable to forfeiture, should the Bidder choose to withdraw his/her bid between the time of the public bids opening and the expiry of the validity period, or fail to accept and sign the contract established in terms with his/her proposal by the Ministry of Finance and Budget.

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Yen Hits 8-Year Low as Fears Mount

By Stephanie Strom
New York Times Service

TOKYO — A lack of confidence in the government's commitment to pulling Japan out of its economic slump and another batch of data suggesting that the bottom has still not been reached sent the yen tumbling here to an eight-year low against the dollar Tuesday.

The yen's slide came despite comments from various officials suggesting that the Bank of Japan might intervene to stop the currency's fall. A drop in the stock market caused by jitters over the struggling banking sector also undermined the yen.

The dollar rose to 147.60 yen in Tokyo before slipping back to 147.365 yen in late New York trading, up from 146.25 yen Monday. The Nikkei average of 225 stocks fell 219.43 points, to 15,406.99.

Adding to the currency's woes was the release of a new Economic Planning Agency report that said the economy was "slumping" in August after having been at a "standstill" in July.

But the biggest concern among traders is that the yen is reaching a level where even Mrs. Watanabe, the ubiquitous Japanese housewife who controls the family purse strings and thus Japan's vast pool of savings, will swap her yen for dollars, Deutsche marks and British pounds.

"That's the main worry for me," said Steven Barrow, a currency strategist at Bear Stearns International in London. "The key here is what's happening to Japanese savings and the fear that ordinary Japanese are looking to send their cash abroad in droves."

That concern suggests there is a far more fundamental shift in sentiment against the yen than the swings caused by day-to-day moves in the stock market and government officials' comments.

Various senior ruling party officials have expressed dissatisfaction with the yen's direction in recent days, but to no avail. On Tuesday, Finance Minister Kiichi Miyazawa hinted obliquely that the government might move to prop up the yen. And Eisuke Sakakibara, the vice minister of finance for international affairs, whose nom de guerre is Mr. Yen

because his comments often move the currency markets, suggested that the Group of Seven most industrialized countries would join in support of the Japanese currency.

"I couldn't speak of specific levels, but it is necessary to intervene if the market is not moving in an orderly fashion," Mr. Miyazawa said, noting the negative impact that the slide in the yen is having on other Asian currencies.

Currencies and stock markets across Asia dropped Tuesday, with the Singapore dollar, the Hong Kong dollar, the Malaysian ringgit and the Indonesian rupiah suffering the biggest losses.

"The markets assume that as the yen weakens, Japanese exports will become more competitive, and concern is mounting that China will then be forced to devalue the yuan in spite of pledges not to do so."

"The next key point is 150" yen to the dollar, said Hiroshi Sakuma, a foreign-exchange trader at Barclays Bank in Tokyo. "That's the target point for a lot of investors and speculators, because that's the point that many think the



Source: Bloomberg

Chinese will have to devalue."

Some economists suggest that allowing the yen to weaken is, in fact, the Japanese government's plan to reinvigorate the deteriorating economy, in spite of the stern tone of disapproval emanating from the Ministry of Finance. "This could be the economic policy they're after," said Craig Chudler, chief strategist at Salomon Smith Barney in Tokyo.

Customers Rap U.S. Hotels for Slipshod Service As Rates Rise

By Judith Evans
Washington Post Service

WASHINGTON — Theresa Lee of San Francisco was surprised that the Doubletree Hotel Park Terrace in downtown Washington did not offer free shuttle service from the train station when her family arrived.

Richard Fargo experienced sticker shock at the \$100-a-night rate for the downtown hotel where his family was staying.

And a Cleveland tourist, Bill Brown, complained of slow service at the restaurant at the Holiday Inn Capitol in Southwest Washington.

Angered over service problems such as delayed check-in, sloppy housekeeping, "bumping" and bad food, business and leisure travelers are increasingly giving poor grades to the hotel industry. With room rates on the rise and hotels filled to the brim, the lodging industry is receiving a flurry of complaints from travelers and has posted its worst customer satisfaction ratings in five years.

Lodging experts say the industry's tarnished image stems from hotel owners' lack of attention to their customers during an unprecedented wave of consolidation and a tight labor market over the past two years. With occupancy rates in the United States at more than 65 percent and record numbers of travelers, the hotel industry has been able to generate strong profits, said Ron McNair, a



A family unloading its car at a Holiday Inn in Washington. The hotel industry has posted its worst customer satisfaction ratings in five years.

partner in Arthur Andersen & Co.'s hospitality industry practice. "But markets do change, and room supply will, once again, meet demand," Mr. McNair said.

The bevy of service complaints against hotels is reminiscent of those leveled by passengers of the major U.S. airlines less than a decade ago as the industry consolidated. Even as air fares increased, the major carriers cut in-flight meals and some flights to return to profitability, frustrating passengers in the process.

The hotel industry scored 71 out of 100 points last month in the industry's best-known customer satisfaction survey, a precipitous drop from 75 points in 1994 when lodging companies were struggling to pull themselves out of a recession. This year's score was the lowest since Andersen began its American customer satisfaction index five years ago.

The survey found that guests do not believe hotels are providing services

See HOTELS, Page 15

Allianz on Prowl For Asia Purchase

Compiled by Our Staff From Dispatches

SINGAPORE — Allianz AG, the giant German insurer, said Tuesday that it wanted to make "major acquisitions" in Asia, with the goal of raising premium income in the region nearly fourfold by 2000.

The chief executive of Allianz Asia-Pacific, Michael Diekmann, said the acquisitions would be aimed at building a "quality network" after the purchase of Assurances Generales de France made Allianz the largest insurer in Europe.

"We are looking for suitable acquisitions not only in emerging markets but also mature markets in Asia," Mr. Diekmann said.

He declined to put a value on proposed acquisitions in Asia, but said there were plenty of companies from which to choose, despite the region's economic slump.

Last year, Asia contributed only 0.8 percent of Allianz's total premium income of \$5.6 billion Deutsche marks (\$48.21 billion). The company wants to raise the contribution to 3 percent. (AP, Bloomberg)

Tentative Accord Ends Strike at Bell Atlantic

Compiled by Our Staff From Dispatches

NEW YORK — Bell Atlantic Corp., the largest U.S. local phone company, said Tuesday it had reached a tentative agreement on a two-year contract with the Communications Workers of America union, ending a two-day strike for 73,000 workers.

The union released a statement that asked its members to return to work at their next scheduled shifts and said the deal gave union members greater access to jobs in company subsidiaries that develop new technologies.

The agreement, which still must be ratified by union members, should end delays that were caused by the strike for customers who make collect calls, use directory assistance or need phone repairs of installations.

Eric Rabe, spokesman for Bell Atlantic, said the company had a "tentative two-year agreement with the CWA, ending the two-day strike."

"This settlement ensures that jobs of

the future will be high-skill, good-paying jobs, and that Bell Atlantic will have the competitive advantage of a top-quality work force as it moves into the whole range of new information-age ventures," said the CWA president, Morton Bahr.

The union and company scheduled separate news conferences to discuss the agreement.

Key elements of the agreement prohibit the company from layoffs, forced transfers or job downgrades during the two years. In addition, Bell Atlantic would be barred from new subcontracting arrangements and the number of subcontracting positions would be frozen at the current level, which is 0.5 percent of the work force.

Also, 3,000 new temporary employees would be reclassified into permanent jobs with retroactive benefits.

The strike, which began after the workers' contract expired Sunday, had inconvenienced some customers, but

the company said the bulk of its service had been unaffected.

Unions leaders had called the strike to protest forced overtime and shifting jobs, especially those involving new, Internet-based technology, to nonunion workers.

Although the workers took to the picket lines, the talks between the company and the union never broke down, indicating a solution was never far from sight.

The strike affected workers in 13 Eastern states and the District of Columbia.

Bell Atlantic used more than 23,000 managers working 12-hour shifts in place of striking union members. The strike's end "lifts one of the clouds of uncertainty that has descended on the stock in the last week," said Scott Wright, a securities analyst at Fehnstock & Co.

Bell Atlantic shares rose 68.75 cents to close at \$41.875. (AP, Bloomberg)

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Cross Rates

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Global Private Banking

INTELLIGENT CONSERVATISM, VIGOROUSLY PURSUED.

There are as many formulas for success in business as there are businesses. Republic's formula has a time-tested advantage: it works.

It is based on a carefully balanced approach that puts client security first. We maintain one of the strongest capital ratios in our industry, a high degree of operating efficiency and an excellent and diversified loan portfolio. All of which result in credit ratings that are AA.

Conservatism, however, is only part of the Republic story. We combine safety with a dynamic policy of global expansion, as well as an engaged offering of investment opportunities. Moreover, and very importantly, a quality of client service that is truly exceptional.

Strength, security, service - the "open secret" of Republic success. It provides what so many people, everywhere, want and need in a private bank.

Republic National Bank of New York
Strength. Security. Service.

A Safe Bank • New York • Geneva • London • Beijing • Hong Kong • Zurich • Tokyo • Singapore • Sydney • Taipei • Seoul • Osaka • Manila • Hong Kong • Jakarta • Los Angeles • London • Luxembourg • Madrid • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Moscow • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich

NYSE

Tuesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

[illegible][illegible][illegible][illegible][illegible]

Rank	Player	Points	Rebounds	Assists	Steals	Blocks	Turnovers	Fouls	Minutes	Field Goals	Free Throws	Points Per Game	Rebounds Per Game	Assists Per Game	Steals Per Game	Blocks Per Game	Turnovers Per Game	Fouls Per Game	Minutes Per Game
1	Walt Frazier	25.0	11.0	5.0	2.0	1.0	3.0	2.0	36.0	12.0	6.0	25.0	11.0	5.0	2.0	1.0	3.0	2.0	36.0
2	John Havlicek	22.0	10.0	4.0	1.0	1.0	2.0	1.0	36.0	11.0	5.0	22.0	10.0	4.0	1.0	1.0	2.0	1.0	36.0
3	Bill Russell	20.0	15.0	3.0	1.0	2.0	1.0	1.0	36.0	10.0	6.0	20.0	15.0	3.0	1.0	2.0	1.0	1.0	36.0
4	Paul Pierce	18.0	9.0	3.0	1.0	1.0	2.0	1.0	36.0	9.0	4.0	18.0	9.0	3.0	1.0	1.0	2.0	1.0	36.0
5	Sam Jones	17.0	8.0	3.0	1.0	1.0	2.0	1.0	36.0	8.0	4.0	17.0	8.0	3.0	1.0	1.0	2.0	1.0	36.0
6	Tommy Heinsohn	16.0	7.0	3.0	1.0	1.0	2.0	1.0	36.0	7.0	4.0	16.0	7.0	3.0	1.0	1.0	2.0	1.0	36.0
7	Joey White	15.0	6.0	3.0	1.0	1.0	2.0	1.0	36.0	6.0	4.0	15.0	6.0	3.0	1.0	1.0	2.0	1.0	36.0
8	Bill Sharkey	14.0	5.0	3.0	1.0	1.0	2.0	1.0	36.0	5.0	4.0	14.0	5.0	3.0	1.0	1.0	2.0	1.0	36.0
9	Tommy Sanders	13.0	4.0	3.0	1.0	1.0	2.0	1.0	36.0	4.0	4.0	13.0	4.0	3.0	1.0	1.0	2.0	1.0	36.0
10	Don Nelson	12.0	3.0	3.0	1.0	1.0	2.0	1.0	36.0	3.0	4.0	12.0	3.0	3.0	1.0	1.0	2.0	1.0	36.0
11	John G. McGraw	11.0	2.0	3.0	1.0	1.0	2.0	1.0	36.0	2.0	4.0	11.0	2.0	3.0	1.0	1.0	2.0	1.0	36.0
12	Tommy Hutton	10.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	10.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
13	Bill Mazeroski	9.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	9.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
14	Steve Garvey	8.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	8.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
15	Tom Seaver	7.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	7.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
16	Steve Carlton	6.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	6.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
17	Nolan Ryan	5.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	5.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
18	Dwight Gooden	4.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	4.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
19	Randy Johnson	3.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	3.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
20	Greg Maddux	2.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	2.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
21	Tim Lincecum	1.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	1.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
22	Justin Verlander	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
23	Max Scherzer	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0
24	Clayton Kershaw	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0	1.0	4.0	0.0	1.0	3.0	1.0	1.0	2.0	1.0	36.0

Continued on Page 16

THE AMERICAS

U.S. Treasury Chief May Have Missed Out on a Treasure

By Peter Truell
New York Times Service

NEW YORK — Robert Rubin, before becoming the U.S. Treasury secretary, built his career at Goldman, Sachs & Co., trading stakes in companies as head of that Wall Street firm's arbitrage desk.

So it comes as something of a surprise that Mr. Rubin may have missed out on what would probably have been the biggest windfall of his life: the planned sale this autumn of a slice of Goldman, Sachs, which puts a value of about \$28 billion on Wall Street's last big investment banking partnership.

Until he left in late 1992 to join the government, Mr. Rubin held one of the very largest ownership stakes in Goldman, where he worked for 26 years. Just at book value, Mr.

Rubin's stake was worth an estimated \$100 million in 1992. Allowing for the healthy appreciation he would have enjoyed then, and the opportunity this fall to sell his stake at as much as three times book value, Mr. Rubin may have left the better part of half a billion dollars on the table.

It might even have been as much as \$1.5 billion, Mr. Rubin and Stephen Friedman, co-heads of Goldman from 1990 to 1992, had the biggest stakes in the Goldman partnership in the early 1990s, when the firm's top officers still could hold as much as 5 percent of the partnership, according to people at Goldman. Still, a 5 percent stake in a partnership that is expected to be valued at \$28 billion would have brought \$1.5 billion.

Michelle Smith, a Treasury Department spokeswoman, said Monday that Mr. Rubin would not comment in reply to questions

about his missing out on the Goldman sale. Of course, the decision by Mr. Rubin to quit Goldman has brought other rewards, and friends say he is very wealthy from his many years on Wall Street. Joining the Clinton White House in January 1993, Mr. Rubin was appointed Treasury secretary in December 1994.

At the Treasury Department, Mr. Rubin has won bipartisan plaudits for his handling of the reduction of the budget deficit and for many of the other difficult economic issues he has touched. Even so, some of Mr. Rubin's charisma has derived from his enviable status as one of the capital's richest men, thanks to his years at Goldman. As Treasury secretary, Mr. Rubin is paid an annual salary of \$99,500.

Former partners of Goldman generally "go limited," meaning they become limited partners and maintain a stake in the firm that is

paid out over several years. They also earn some interest on their stake during those years.

But because of concerns about potential conflicts of interest with his role in government, Mr. Rubin resigned his partnership and sold it back to Goldman before joining the administration as chairman of National Economic Council in January 1993. Even though Mr. Rubin is being paid out by Goldman over several years, he cannot benefit from Goldman's successes under the agreement he struck with his former firm.

Ms. Smith said Mr. Rubin "has no economic stake in Goldman's success or failure." Unlike Mr. Friedman and other limited partners, he is not listed in the firm's directory. The money that Goldman pays to Mr. Rubin goes into a blind trust that holds the rest of his investments, she added.

IBM Set to Create Company For Customer Relations

Reuters

NEW YORK — IBM Corp. was to announce Tuesday the creation of an independent software company aimed at the customer services market, forming what would be the largest single player in a fast-growing business.

IBM's new business would build integrated software with features for product marketing and sales, customer service and support that can be tied into a wide variety of existing corporate computer databases and phone operator call centers.

The new company, which will have estimated sales of about \$250 million, is in the business of what is known as customer relationship management. This market is expected to grow up to 50 percent annually into a multi-billion-dollar business within a few years, analysts estimate.

The technology to accomplish this is in demand as competitiveness becomes measured less in terms of product feature differentiation and more in terms of customer loyalty through improved services and support.

Dollar Soars Against Yen on Gloom Over Japan

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose to an eight-year high against the yen on Tuesday after Japan said its worst recession since World War II was deepening and as concern lingered that China may devalue its currency.

Japan's economy "is in an extremely difficult situation" and is slowing, said the Economic Planning Agency in its monthly report. That represents a downgrade from the assessment it released in July, said the agency's new head, Taiichi Sakai.

"The weak yen is a reflection of the situation in Japan," said Jeff Berger, director of foreign exchange and commodities at the auto and the aerospace

products maker AlliedSignal Inc. in Morristown, New Jersey. "Their economy is in bad shape, and they've been unable and unwilling to take the measures they need." He said the dollar

FOREIGN EXCHANGE

could rise to 150 yen in coming weeks.

The dollar climbed as high as 147.60 yen, its highest level since Aug. 20, 1990. The dollar was quoted at 4 P.M. at 147.365 yen, up from 146.25 yen on Monday.

Richard Berner, chief economist at Mellon Bank, said, "The fear is that this government will not last very long and that in a climate of political uncertainty

very little will be done in Japan to rescue the economy or fix the banking sector in the near term."

The dollar's march higher against the yen intensified worries that China may soon devalue the yuan to remain competitive, sparking a sell-off in global equity markets.

The dollar gave back earlier gains against the German currency and was little changed at 1.7814 Deutsche marks, up from 1.7755 DM amid a rout in U.S. stocks. The dollar was also at 1.4896 Swiss francs, down from 1.4955 francs, and at 5.9705 French francs, up from 5.9525 francs.

The pound was at \$1.6325, down from \$1.6360. (Bloomberg, Bridge News)

MARKETS: Stocks Worldwide Tremble as Yen Sinks Further

Continued from Page 1

profits as desperate Pacific exporters invaded European and American markets while their domestic consumers curtailed purchases. "You saw a big wealth decline last year. Initially, it did not seem like it was going to have a big impact on earnings at least for the major U.S. companies and Europeans, but now it is."

This year, stocks in the major American and European averages were trading at historically high prices relative to their profits, sporting price-to-earnings ratios of nearly 30. Recently, these ratios have slipped to about 25, but that is still well above the levels in the teens at which big-company stocks have been priced. With the outlook for earnings deteriorating, investors are beginning to question the high valuations they were willing to put on stocks several years ago, when economies were growing at faster paces than is now the case.

"If you don't get the earnings growth, it's hard to justify the market at these levels," Mr. Truab said. "Earnings growth is not an automatic anymore, and in fact you might even see some minor declines."

A recovery in Asia is "maybe a year, year-and-a-half away," said David Durant, global strategist at Independent Economic Analysis (Holdings) Pte. in New York. "We're nowhere near finding a solution."

I.D.E.A., as the firm is known, is predicting the Dow Jones industrial average will be at 8,000 in three months. Yet by the end of the year, the blue-chip gauge could be higher than it is now, he said, trading between 8,500 and 9,000, as the erosion in profitability ends.

Mr. Durant said I.D.E.A. was forecasting declines of about 10 percent from Monday's levels for the European and Asian indexes over the coming three months. Although some analysts have

been more optimistic, he said that investors were underestimating the problems in the developing countries.

He cited as an example the International Monetary Fund's agreement last month to provide aid to Russia, which led to some short-lived optimism in the Moscow stock market. "We have seen periods where we put one sort of stopgap measure in place, such as the Russian debt deal, and people believe the problem is over, and the problem isn't over."

In Kuala Lumpur, however, Lai Tak Heong, director of research at SG Research Malaysia Sdn. said the selling on Tuesday was "irrational." The Malaysian stock market is trading about 15 percent lower than the total value of the listed companies' assets, he said.

Mr. Lai said even companies that were traditionally considered recession-proof — gaming firms and plantation companies — were being sold off.

Lending Giant to Buy Textron Unit

Bloomberg News

IRVING, Texas — Associates First Capital Corp., the largest independent consumer lender in the United States, agreed Tuesday to buy Textron Inc.'s Avco Financial Services unit for \$3.9 billion in cash.

Details of the acquisition were not disclosed. Avco generates about one-fifth of Textron's \$10.5 billion in revenue.

The Trib Index				
	Jan. 1, 1992 = 100	Level	Change	% change
World Index	183.18	—4.53	—2.41	+6.43
Regional Indexes				
Asia/Pacific	72.88	—2.25	—2.99	—24.14
Europe	220.10	—7.31	—3.21	+14.02
N. America	244.48	—2.82	—1.14	+13.19
S. America	111.80	—4.28	—3.69	—26.77
Industrial Indexes				
Capital goods	247.12	—4.45	—1.77	+18.63
Consumer goods	220.40	—3.37	—1.51	+5.09
Energy	185.13	—1.36	—0.73	—5.04
Finance	130.60	—8.16	—4.50	+6.21
Miscellaneous	143.83	—4.02	—2.72	—4.04
Raw Materials	171.51	—6.76	—3.79	+2.55
Services	195.47	—4.01	—2.01	+12.14
Utilities	158.08	—5.39	—3.30	—5.27

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 380 internationally investible stocks from 25 countries.

Compiled by Bloomberg News.

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International Toll-Free Telephone Numbers

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Germany 0800-829-0800 Holland 0800-22-0857 Hong Kong 800-08-7200
Japan 0800-941-0102 Italy 1678-75222 Spain 0531-41-0910
United Kingdom 0800-40-2248 Switzerland 0800-88-7233
USA 800-88-7233 USA 800-88-7233 USA 800-88-7233

AMEX

Tuesday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock

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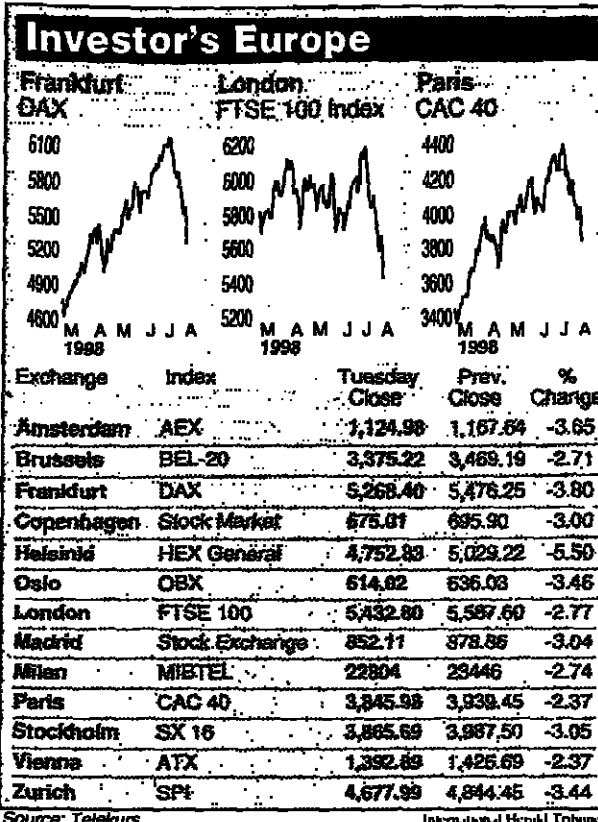
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EUROPE



Very briefly:

- De Beers Consolidated Mines Ltd. and De Beers Centenary AG's combined earnings fell by 49 percent in the first half of 1998, against the same period last year, due to a decision to cut back on diamond sales to support prices.
- German companies will lose 14.5 billion Deutsche marks (\$8.14 billion) this year, to fraud and embezzlement by employers, the government-backed export credit insurer Hermes said, a 15 percent increase from 1997.
- British manufacturing orders fell in every region of the country over the four months to July, and the Confederation of British Industry predicted continued declines due to the effect of the stronger pound on competitiveness by exporters.
- Henkel KGaA's first-half net profit rose 17 percent, to 371 million DM, from the first half of the previous year. Sales by the maker of consumer chemicals rose almost 10 percent, to 10.7 billion DM.
- Accor SA, Europe's largest hotel company, said second-quarter sales rose 18.6 percent from the like quarter in 1997, bolstered by tourism related to the World Cup tournament.
- Smith & Nephew PLC, the largest British hospital-supplies company, said first-half profit fell 16 percent from a year earlier, as the stronger pound offset the results of cost-cutting.
- Erste Bank of Austria reported a 6.5 percent rise in first-half operating profit and said it was on course to hit its return-on-equity target of 12 percent by 2000.
- Saab AB's second-quarter net income fell 40 percent against the second quarter of 1997 amid declining sales of military aircraft and deliveries of civilian planes.
- Neste Oy's first-half pretax profit fell 44 percent, to 255 million marka (\$47.1 million), from the first half of 1997 as lower prices for crude oil affected the Finnish state-owned petroleum company.

BOC of Britain Details Cuts

Gas Giant and Affiliates to Shed Nearly 5,000 Jobs

LONDON — BOC Group PLC, the British industrial gases company, announced almost 5,000 job cuts around the world Tuesday as part of a shake-up aimed at putting it on the path to sustained profit growth.

The company said that it would reduce its 38,000-strong global work force by 3,700, including 10 percent of its 5,000 British employees, with another 1,200 jobs to disappear at companies in which it holds minority stakes. The cuts were larger than analysts had expected.

The company had already announced about 2,200 job losses inside the company, with another 1,500 planned over the next two years.

The cuts are part of a restructuring of BOC's worldwide operations in the wake of economic collapse in Asia — where BOC has a major presence — the rise in the value of the pound and worsening problems in the global semiconductor industry, in which BOC's products are used.

The problems have led to a sharp drop in profit, and BOC's share price closed at its lowest level for more than three years Monday at 740 pence (\$12.07). On Tuesday, the stock fell 4 more pence, to 736.

"It's a new and radical change they're making," said Jeremy Chanby of Credit Lyonnais Securities in London. "The scale of the restructuring was greater than anticipated."

Deputy Prime Minister John Prescott denied suggestions that the job losses were an inevitable result of the government's economic policies, which include keeping a tight lid on inflation through high interest rates, which have driven up the value of the pound.

BOC is predicting a £267 million restructuring charge for the year that ends in September. But it hopes for a rapid payback from the reorganization, aiming for annual cost savings of £120 million by 2000.

BOC also announced a £167 million charge against earnings for the first nine months, wiping out a £144 million gain from the sale of its Ohmeda Healthcare business in January.

Pretax profit slid 16 percent, to £272 million, while sales fell 5.7 percent, to £2.56 billion.

Profit Soars at Sweden's Investor

STOCKHOLM — Investor AB said Tuesday that first-half net profit almost tripled as it took a big one-time gain from the sale of a 35 percent stake in Saab AB.

Net profit at the Swedish holding company rose to 4.10 billion kronor (\$506.7 million) from 1.47 billion kronor last year.

Investor, controlled by the Wallenberg family, in May sold a 45 percent stake in Saab AB, its military aircraft unit, to the public. In April, British Aerospace PLC

French Prices Plunge in July

PARIS — Discounting at French stores and a slump in fresh food prices in July produced the largest recorded monthly drop in French consumer prices since the 1950s, the national statistics office INSEE said Tuesday.

The 0.4 percent decline in prices in July from June pushed the French annual inflation rate down to 0.8 percent from 1 percent a month earlier.

July inflation matched the level in March to yield the lowest annual inflation rate since 0.5 percent in January.

An INSEE statistician said it was the biggest recorded monthly drop in consumer prices since the 1950s, though she added that data before 1992 did not take seasonal sales into account.



From left, BP's Sir John Browne, Amoco's Larry Fuller and BP's Peter Sutherland.

DEAL: BP to Buy Amoco, Creating Oil Giant

Continued from Page 1

1,000 jobs by moving its U.S. marketing and refining headquarters from Cleveland to Chicago. Other big reductions were expected in Houston, where the two companies have major offices.

In the equity markets, the financial clout and strong global presence of giants like Exxon and Shell are much prized. Their shares trade at a significant premium of perhaps 25 percent to the shares of other oil companies, based on the ratio of price to cash flow.

BP shares rose sharply on the London Stock Exchange, closing 22 pence higher at 795 pence (\$12.97) and lifting other oil shares. Amoco shares closed up \$5.875 at \$45.875 Tuesday in New York.

Under the agreement, BP would give around \$48 billion worth of stock to Amoco shareholders, an offer worth \$50 a share to Amoco holders, a premium of 22 percent from Monday's closing price. BP also would assume Amoco's \$4.86 billion in debt. Amoco shareholders would end up holding 40 percent of the company, compared with 60 percent for BP stockholders.

The size of the proposed combination will force anti-trust regulators to look carefully at all aspects of the combined business, analysts said.

In the United States, for example, BP Amoco would have a dominant share of gasoline retailing in much of the Southeast and Midwest.

But analysts said the merger of the two companies' petrochemical assets, with sales of roughly \$13 billion, probably would not have a major impact on the global chemical industry because there appeared to be little overlap of the kind that might lead regulators to demand that the partners shed assets in order to gain approval for the deal.

"It gives both companies a broader product line, but it won't have a dramatic effect on the industry," Peter Edwards, an analyst at ABN Amro Bank, told Bloomberg News.

Mr. Fuller of Amoco said he believed that the anti-trust issue was "relatively minor" and that regulators would not demand a big sale of assets.

For BP, the acquisition would give it Amoco's big presence in the U.S. market for natural gas, which has grown more rapidly than the crude oil business. For Amoco, the deal transforms an essentially American company into an international player. The two companies' retail divisions — BP is concentrated mainly in Europe and Amoco is almost entirely American — complement each other, executives said.

Still, some analysts expressed disappointment that the combined company would have around 70 percent of its assets based in the mature markets of North America and Europe.

"You haven't really spread the business very much," said one analyst, who spoke on condition of anonymity. "You haven't created an Exxon or a Shell with business in virtually every area of the world."

BT to Revamp Domestic Operation

LONDON — British Telecommunications PLC plans to begin a reorganization of its domestic operations in October as it tries to stay off competition in its home market.

Under the organization, to be phased in over several months, British businesses will be divided by products and services, rather than by types of customers. Heads of the new divisions will report to Bill Cockburn, managing director of BT in Britain.

British regulators said recently that BT's share of Britain's international business-call market fell to 37.1 percent in 1998 from 57.4 percent in 1996.

WORLD STOCK MARKETS

Tuesday, Aug. 11
Daily prices in local currencies.

High Low Close Prev.

Amsterdam AEX index: 1124.98
Previous: 1124.98

Frankfurt DAX: 5248.40
Previous: 5248.40

London FTSE 100: 4752.83
Previous: 4752.83

Paris CAC 40: 614.82
Previous: 614.82

Stockholm OMX: 138.59
Previous: 138.59

Copenhagen Stock Market: 675.01
Previous: 675.01

Helsinki HEX Generali: 4752.83
Previous: 4752.83

Oslo OBX: 614.82
Previous: 614.82

Madrid Stock Exchange: 852.11
Previous: 852.11

Milan MIBTEL: 22804
Previous: 22804

Vienna ATX: 138.59
Previous: 138.59

Zurich SPI: 4677.99
Previous: 4677.99

Buenos Aires Merval index: 51.57
Previous: 51.57

Sao Paulo Ibovespa: 27.12
Previous: 27.12

Manila PSE index: 1222.19
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ASIA/PACIFIC

Foreign Bankers Enjoy Seoul Boom

Compiled by Our Staff From Dispatches

SEOUL — Foreign banks operating in South Korea have enjoyed a boom this year amid the country's economic crisis, reaping net profits three times as large as last year's figures, officials said Tuesday.

The 38 foreign banks earned combined net profit of 513.3 billion won (\$383.6 million) in the six months to June, up 202 percent from a year before, officials of the Bank Supervision Office said.

The office said the brisk performance owed much to the sharp increase in won-currency interest income in line with rises in interest rates in South Korea.

Interest income from won-denominated assets rose to a combined 616.8 billion won, up 212.8 percent from the comparable period a year ago, it said.

Topping the list was Citibank, which posted a 110.4 billion won net profit in the first six months of the year. It was followed by Hongkong & Shanghai Banking Corp. with 52.9 billion won and

Chase Manhattan Bank with 42.5 billion won, Standard Chartered Bank with 35.2 billion won and Bank of America with 31.3 billion won.

Citibank posted a 166 million won net profit per employee in the six-month period.

In contrast, Hana Bank, one of South Korea's best-run banks, reported a 490 million won net profit per employee.

Citibank officials said a large portion of the bank's profit came from windfall gains in currency hedging.

Three banks posted net losses, the office said. They are Credit Suisse First Boston Bank, with a loss of 23.08 billion won, Bankers Trust Co. with a 1.01 billion won loss and Overseas-Chinese Banking Corp. with a 500 million won loss.

The performance covered the six months through March for two Australian banks, through April for three Canadian banks, and through June for the remaining 33 banks, the office said.

(AFP, Reuters)

Malaysian Airline to Sell 2 Boeings

Bloomberg News

KUALA LUMPUR — Malaysian Airline System Bhd. said Tuesday it would sell two Boeing 747 aircraft to Qantas Airways Ltd. of Australia for an undisclosed price, and may sell three more to raise cash for operations and to repay debt.

The Malaysian carrier is also considering selling its entire fleet of aircraft to another company, and then leasing them back, said Executive Chairman Tajudin Ramli. The airline owns 83 out of the 99 aircraft it operates, and leases the rest.

"The reason for doing this is to stem the outflow" of funds from the company's operations, Mr. Tajudin said after the company's annual shareholder

meeting. He added, "Therefore, we are looking at the sale and lease-back plan."

The move by Malaysian Airline comes at a tough time for Asian airlines as the region's economic slump has reduced air travel and left airlines fighting to fill seats.

Even Singapore Airlines Ltd. — Asia's most profitable carrier — has not been spared the austerity drive. The airline had to cut costs by trimming staff, freezing pay rises, delaying aircraft purchases and rerouting flights.

Last year, Malaysian Airline earned 620 million ringgit (\$146 million) from the sale of 12 aircraft and seven engines, later leasing 11 of those planes back.

The sale-and-lease plan may also help Mr. Tajudin to borrow money against the company's aircraft to repay personal debts.

On May 28, Mr. Tajudin said the airline would be restructured into a "virtual airline," similar to what Lufthansa AG and British Airways PLC are pursuing. He did not elaborate.

A virtual airline refers to a trend in aviation where airlines reduce risk by leasing aircraft, rather than buying them, to avoid carrying the depreciation costs of the planes on their balance sheets, analysts said.

Shares of Malaysian Airline fell 6 sen to close at 1.44 ringgit, its lowest level since July 30.

China Liberalizes Banking Rules in Shenzhen

Compiled by Our Staff From Dispatches

BEDING — The Chinese central bank named on Tuesday a second city where foreign banks will be allowed to do local-currency business.

Expanding a pilot plan begun more than a year ago, China will let foreign banks in the southern city of Shenzhen, just across the border

from Hong Kong, to make loans in yuan. Currently, only banks in Shanghai can do business in yuan.

The People's Bank of China will also let foreign banks take the lead in arranging syndicated loans denominated in yuan for infrastructure projects. The changes are expected to be in place by the

end of the year.

Shenzhen was chosen because of its financial openness and the relatively large number of existing foreign bank branches, about 25, an official from the central bank said.

A French banker in Shanghai was cautious in his praise of the announcement, saying the increased licensing was

"good for China's financial reform" but would not truly increase overseas participation unless the regulation changes effectively give foreign banks more business scope.

"We are restricted to doing business with joint ventures, but they do not have a lot of yuan to deposit with us," he said. (AFP, Bloomberg)

Investor's Asia

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Tuesday's 4 P.M.

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

[illegible]

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NYCE

Tuesday's 4 P.M. Close

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the 1998

AND THE
NATIONAL HERALD

TRAVEL...

Approximately how many months?

Pressure: 110/70 mm Hg

100-443887-100

During the last 12 months?

[illegible]

... ..

(continued)

100

100

...Zentrum...

For business trips what class of train

First Class
Traps are
to 4 hours

How many from

The 1998 International Herald Tribune Survey

RSVP!

Dear Reader

As a reader of the International Herald Tribune, you are of vital importance to the newspaper, whether you are a regular, occasional or even a first-time reader. Only by knowing more about your thoughts on the newspaper content, your lifestyle and your business, can we endeavour to produce a better newspaper.

We would be very grateful if you could take the time to fill in this questionnaire, fold it following the instructions on the reverse side and post it (the postage is already paid). For every reply we receive we will donate a dollar to a charity.

If you wish to enter our free prize drawing, please fill in your name and address in the space provided below - two winners will be sent a decanter of Fine Champagne Cognac Extra from Rémy Martin.

Thank you very much for your time.

Peter C. Goldmark Jr.

Peter C. Goldmark Jr.
Chairman and Chief Executive

Please indicate your responses with an X in the appropriate boxes.

YOU AND THE INTERNATIONAL HERALD TRIBUNE...

- 1 - How often do you usually read or look at the IHT?
- 5-6 days a week ☐ 1-2 days a week ☐ (100)
3-4 days a week ☐ Less than once a week ☐
- 2 - How do you usually obtain your copy of the IHT?
- when in home country: Home subscription ☐ (100)
Personal office subscription ☐
Colleague/friend/relative ☐
Newsstand ☐
I only read the IHT when traveling ☐
- when traveling: Airline ☐ (100)
Hotel ☐
Newsstand ☐
Other ☐
- 3 - And how many people excluding yourself usually read your copy of the IHT?
- One ☐ Three ☐ Five or more ☐ (100)
Two ☐ Four ☐ No-one else ☐
- 4 - On average, how much time do you spend reading the IHT?
- Less than 15 minutes ☐ 1-2 hours ☐ (100)
15-29 minutes ☐ 2-3 hours ☐
30-44 minutes ☐ Over 3 hours ☐
45 minutes-1 hour ☐ Not sure ☐
- 5 - For a typical issue of the IHT, what percentage of pages do you look at or read from before you discard the newspaper?
- 100% ☐ 60% ☐ 20% ☐ (100)
80% ☐ 40% ☐ Less than 20% ☐
- 6 - Usually, how many separate times do you pick up your copy of the IHT before you have finished with it completely?
- WRITE IN _____ (100-200)
- 7 - How many other daily newspapers do you usually read? (Please include all daily titles whether they be international, national or local)
- One ☐ Three ☐ Five or more ☐ (100)
Two ☐ Four ☐ No other ☐
- 8 - If you had to rank by order of importance to you personally the daily newspapers you read, where would you rank the IHT?
- First ☐ Second ☐ Third ☐ Other (WRITE IN) _____ (100-200)

- 9 - Please indicate your level of agreement with the following statements regarding the IHT:
- | | Strongly agree | Agree | Neither agree nor disagree | Disagree | Strongly disagree |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Publication I want to read | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| You can believe what you read in it | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I look forward to reading it | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a leisurely read | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a publication I read thoroughly rather than skim | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 10a - Do you ever read the IHT on the internet?
- Yes ☐ No ☐ (100)
- 10b - If yes, how often?
- Each day ☐ 1-2 times/week ☐ 3-4 times/week ☐ 5 times/week ☐ Less often ☐ (100)

AIR TRAVEL...

- 11 - Approximately how many international air trips have you made in the last 12 months?
- | Business Pleasure | Business Pleasure | Business Pleasure |
|-------------------------------------|--------------------------------------|--|
| 1-3 trips <input type="checkbox"/> | 11-15 trips <input type="checkbox"/> | none <input type="checkbox"/> (100-40) |
| 4-6 trips <input type="checkbox"/> | 16-20 trips <input type="checkbox"/> | |
| 7-10 trips <input type="checkbox"/> | 21+ trips <input type="checkbox"/> | |

- 12 - Which, if any, of the regions listed below have you visited by air in the last 12 months?
- | Business Pleasure | Business Pleasure |
|---|---|
| Austria <input type="checkbox"/> (100-11) | Hong Kong <input type="checkbox"/> (100-43) |
| Belgium/Luxembourg <input type="checkbox"/> (100-13) | India <input type="checkbox"/> (100-45) |
| France <input type="checkbox"/> (100-14) | Indonesia <input type="checkbox"/> (100-47) |
| Germany <input type="checkbox"/> (100-17) | Japan <input type="checkbox"/> (100-48) |
| Greece <input type="checkbox"/> (100-18) | Korea <input type="checkbox"/> (100-51) |
| Israel <input type="checkbox"/> (100-21) | Malaysia <input type="checkbox"/> (100-52) |
| Italy <input type="checkbox"/> (100-22) | Philippines <input type="checkbox"/> (100-54) |
| Netherlands <input type="checkbox"/> (100-24) | Singapore <input type="checkbox"/> (100-57) |
| Scandinavia <input type="checkbox"/> (100-27) | Taiwan <input type="checkbox"/> (100-58) |
| Spain <input type="checkbox"/> (100-28) | Thailand <input type="checkbox"/> (100-61) |
| Switzerland <input type="checkbox"/> (100-31) | Other Asia/Pacific <input type="checkbox"/> (100-62) |
| UK <input type="checkbox"/> (100-33) | USA <input type="checkbox"/> (100-63) |
| Eastern Europe <input type="checkbox"/> (100-34) | Canada <input type="checkbox"/> (100-67) |
| Other Europe <input type="checkbox"/> (100-37) | Central America/Caribbean <input type="checkbox"/> (100-68) |
| Africa <input type="checkbox"/> (100-39) | South America <input type="checkbox"/> (100-71) |
| Australia/New Zealand <input type="checkbox"/> (100-41) | Middle East <input type="checkbox"/> (100-72) |

- 13a - For business trips what class of travel do you usually use?
- | Trips up to 4 hours | Trips of 4 hours or more |
|--|--------------------------|
| First Class <input type="checkbox"/> (100) | <input type="checkbox"/> |
| Business Class <input type="checkbox"/> | <input type="checkbox"/> |
| Economy <input type="checkbox"/> | <input type="checkbox"/> |

- 13b - How many frequent flyer clubs are you a member of?
- None ☐ One ☐ Two ☐ Three or more ☐ (100)

WIN A DECANTER OF FINE CHAMPAGNE COGNAC EXTRA



RÉMY MARTIN
FINE CHAMPAGNE COGNAC

To thank you, a dollar will be given to a charity of your choice. Please indicate which of these charities should benefit from your dollar donation.

- World Wildlife Fund ☐ Cancer Research ☐
Médecins Sans Frontières ☐ International Red Cross ☐ (100)

- 14 - Approximately how many nights have you spent in hotels on business in the last 12 months?
- 1-7 ☐ 15-29 ☐ 50-74 ☐ (100)
8-14 ☐ 30-49 ☐ 75+ ☐ none ☐

- 15 - In the last 12 months, have you:
- flown in your own private plane? Yes ☐ No ☐ (100)
flown in your company's plane? Yes ☐ No ☐ (100)

ABOUT YOUR LIFESTYLE...

- 16 - Which, if any, of the following cards do you use? (Please check all that apply.)
- AMEX Gold/Platinum ☐ (100) Any other card ☐ (100)
AMEX Green ☐ (100)
Visa Gold/Premier ☐ (100) International telephone calling cards: ☐
Other Visa ☐ (100) - AT&T ☐ (100)
MasterCard Gold ☐ (100) - MCI ☐ (100)
Other MasterCard ☐ (100) - Sprint ☐ (100)
Diners Club ☐ (100) Any other intl calling cards ☐ (100)

- 17 - Which of the following items have you bought in the last 12 months, whether for yourself, your household or as a gift? (Please check all that apply.)
- Cognac ☐ (100) Perfumes ☐ (100)
Blended/malt whisky ☐ (100) Watches ☐ (100)
Canadian/US/Irish whisky ☐ (100) Jewelry ☐ (100)
Gin ☐ (100) Designer clothing ☐ (100)
Vodka ☐ (100) Leather items ☐ (100)
Crystalware ☐ (100) Writing accessories ☐ (100)

- 18a - How many cars do you have in your household?
- none ☐ one ☐ two ☐ three or more ☐ (100)

- 18b - Do you have a company car?
- Who chose it? Yes ☐ No ☐ (100)
Your company ☐ You ☐

- 18c - What is the size of the engine of your:
- personally owned car? under 1999cc ☐ 2000-3000cc ☐ over 3000cc ☐ (100)
company owned car? ☐ ☐ ☐

- 19 - Which of the following do you currently use?
- | Personally | For business |
|---|--------------------------------|
| Personal computer <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| Laptop/notebook/handheld computer <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| CD-ROM <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| Video conferencing <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| Cellular/mobile phone <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| Compact satellite phone <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| The Internet/other on-line services: | |
| - for business and finance information <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |
| - for general information <input type="checkbox"/> (100) | <input type="checkbox"/> (100) |

Have you ever bought goods/services through the Internet? Yes ☐ No ☐ (100)

- 20 - Which, if any, of the following publications do you read regularly (at least 3 out of 4 issues)?
- Financial Times ☐ (100) The Economist ☐ (100)
USA Today ☐ (100) The European ☐ (100)
The Asian Wall Street Journal ☐ (100) Far Eastern Economic Review ☐ (100)
The Wall Street Journal Europe ☐ (100) Newsweek ☐ (100)
BusinessWeek ☐ (100) Time ☐ (100)

- 21 - Which, if any, of the following have you done in a business or personal capacity in the last twelve months?
- Acted as adviser to another company ☐ (100)
Been interviewed on TV, radio or by the press ☐ (100)
Had an article, paper or book published ☐ (100)
Sat on an industrial/professional committee ☐ (100)
Lobbied or advised members of national/local government ☐ (100)
Been involved in an environmental/conservation/animal welfare group ☐ (100)

YOUR WORK...

- 22 - Are you currently:
- Working full/part time ☐ A student ☐ (100)
Not in paid employment/other ☐ Retired ☐

- 23 - What is your job title or position?
- Owner/Partner ☐ (100) Politician/Government Minister ☐ (100)
Chairman/President/CEO ☐ Diplomat/Senior Government Official ☐ (100)
Managing Director ☐ Medical ☐ (100)
Vice President ☐ Legal ☐ (100)
General Manager ☐ Education ☐ (100)
CFO/Finance Director/Treasurer ☐ Clerical position ☐ (100)
Department Head ☐ Other job/position ☐ (100)
Consultant ☐ (WRITE IN) _____ (100)
Other senior position ☐
Other Director/Manager ☐

- 24a - What is the main activity of your organization?

- | | |
|---|--|
| Manufacturing/engineering <input type="checkbox"/> (100) | Computing <input type="checkbox"/> (100) |
| Primary industry/utilities <input type="checkbox"/> | Telecommunications <input type="checkbox"/> |
| Construction <input type="checkbox"/> | Other business services <input type="checkbox"/> |
| Wholesale/retail <input type="checkbox"/> | Education <input type="checkbox"/> |
| Travel/tourism/transportation <input type="checkbox"/> | Medical <input type="checkbox"/> |
| Publishing/printing/broadcasting <input type="checkbox"/> | Legal <input type="checkbox"/> |
| Banking <input type="checkbox"/> | Government/diplomatic <input type="checkbox"/> |
| Other financial services <input type="checkbox"/> | Other (WRITE IN) _____ (100) |

- 24b - For those of you working in the financial sector, which of the following best describes your job function?

- | |
|---|
| Financial Analyst <input type="checkbox"/> (100) |
| Portfolio Manager <input type="checkbox"/> |
| Investment Department Head <input type="checkbox"/> |
| Other (WRITE IN) _____ (100) |

- 25 - How many people does your organization employ?

- | Country of residence | World-wide |
|---|-----------------------------------|
| Under 10 <input type="checkbox"/> (100) | <input type="checkbox"/> (100-13) |
| 10-49 <input type="checkbox"/> | <input type="checkbox"/> |
| 50-99 <input type="checkbox"/> | <input type="checkbox"/> |
| 100-249 <input type="checkbox"/> | <input type="checkbox"/> |
| 250-499 <input type="checkbox"/> | <input type="checkbox"/> |
| 500-999 <input type="checkbox"/> | <input type="checkbox"/> |
| 1000-4999 <input type="checkbox"/> | <input type="checkbox"/> |
| 5000+ <input type="checkbox"/> | <input type="checkbox"/> |

Does not operate outside your country of residence ☐

- 26 - Please indicate for which of the goods or services listed below you are wholly or partly responsible for your company's decisions to purchase, lease or change suppliers?

- | | |
|---|---|
| Desktops/PCs <input type="checkbox"/> (100-19) | Other financial services <input type="checkbox"/> (100-19) |
| Software <input type="checkbox"/> | Business services <input type="checkbox"/> (100-19) |
| Network systems <input type="checkbox"/> | Company vehicles <input type="checkbox"/> (100-19) |
| Telecom systems/equipment/services <input type="checkbox"/> | Corporate/business aircraft <input type="checkbox"/> (100-21) |
| Other office equipment/technology <input type="checkbox"/> | Conferences/trade fairs/exhibitions <input type="checkbox"/> (100-23) |
| Commercial banking services <input type="checkbox"/> | International courier/freight services <input type="checkbox"/> (100-25) |
| Investment banking services <input type="checkbox"/> | Plant and equipment/raw materials <input type="checkbox"/> (100-27) |
| Corporate investments <input type="checkbox"/> | Bus, premises/industrial site selection <input type="checkbox"/> (100-29) |

- 27 - Do you have international responsibilities in your job?

- Yes ☐ No ☐ (100)

ABOUT YOU...

- 28 - I am: Male ☐ Female ☐ (100)

- 29 - Age:
- Under 25 ☐ 35-44 ☐ 55-64 ☐ (100)
25-34 ☐ 45-54 ☐ 65+ ☐

- 30 - How many children do you have either living at home or away from home (but for whom you are financially responsible)?

- | | None | One | Two | Three | Four or more |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a) aged under 15 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) aged 15 or over <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 31 - Which country do you currently live in?

WRITE IN _____ (100-200)

- 32 - How long have you been living in your country of residence?

- Less than 1 year ☐ 2-5 years ☐ 10 years+ ☐ (100)
1-2 years ☐ 5-10 years ☐

- 33 - Which country are you a Citizen/National of?

WRITE IN _____ (100-200)

- 34a - Which level are you educated to:

- | | |
|---|--|
| Doctorate <input type="checkbox"/> | Standard university level <input type="checkbox"/> (100) |
| MBA <input type="checkbox"/> | Secondary/high school level <input type="checkbox"/> |
| Higher university degree level <input type="checkbox"/> | |

- 34b -

- Are you currently studying for an MBA? Yes ☐ No ☐ (100)
Do you have any plans in the future to study for an MBA? Yes ☐ No ☐ (100)

- 35 - Approximate household income (pre-tax) in US\$ from all sources:

- | | |
|---|---|
| Up to \$30,000 <input type="checkbox"/> | \$150,000 to under \$200,000 <input type="checkbox"/> (100) |
| \$30,000 to under \$50,000 <input type="checkbox"/> | \$200,000 to under \$300,000 <input type="checkbox"/> |
| \$50,000 to under \$100,000 <input type="checkbox"/> | \$300,000 to under \$500,000 <input type="checkbox"/> |
| \$100,000 to under \$150,000 <input type="checkbox"/> | \$500,000 and over <input type="checkbox"/> |

Or, write in own currency: _____

- 36 - Which, if any, of the following categories of personal investments and financial services do you have or use?

- | | |
|--|--|
| Life insurance <input type="checkbox"/> (100) | Gold/precious metals <input type="checkbox"/> (100) |
| Private banking <input type="checkbox"/> (100) | Commodities <input type="checkbox"/> (100) |
| Private pension plan <input type="checkbox"/> (100) | Foreign currency <input type="checkbox"/> (100) |
| Stocks or bonds <input type="checkbox"/> (100) | Property/real estate (wholly owned) <input type="checkbox"/> (100) |
| Government securities <input type="checkbox"/> (100) | Collectibles (art, antiques, coins, stamps) <input type="checkbox"/> (100) |
| Funds/unit trusts <input type="checkbox"/> (100) | |

- In order to be eligible for the prize drawing*, please write in your full name and address in the space provided.

Title: Mr/Mrs/Miss/Dr/Prof. _____ Other _____
First Name _____ Family Name _____
Address _____
Postal Code _____ City/Town _____ Country _____
Telephone no. _____
E-mail address _____

The IHT frequently seeks to conduct surveys amongst its readers for purposes of editorial and commercial development. If you do not wish to be contacted in the future please check the box below. We can assure all respondents to this questionnaire that their names and addresses will not be used for any purpose, nor passed on to any third parties, other than for IHT research, and only then with their permission.

I do not wish to participate in further IHT surveys over the next 18 months. ☐ (100)

Thank you for your cooperation. Now simply follow the folding instructions on the reverse of the questionnaire and please post it.

*Valid where legal.

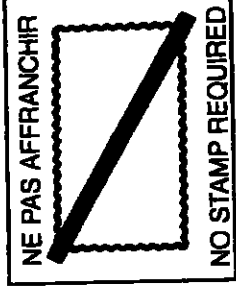
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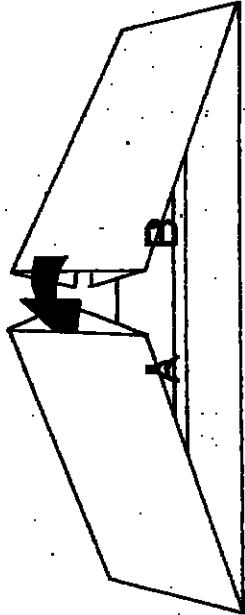
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INTERNATIONAL FUNDS

August 11, 1998

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WORLD ROUNDUP

Brazil Picks Coach

SOCCER Vanderley Luxemburgo was appointed Brazilian national coach Tuesday, replacing Mario Zagallo, who was fired after Brazil lost the World Cup final. Luxemburgo, 46, will remain coach of Corinthians, which leads the Brazilian championship, until the season ends in December. He coached Palmeiras to the Brazilian title in 1993 and 1994. (Reuters)

Roger Lemerre, the new coach of the French team, picked only 12 members of the World Cup winning squad for a match against Austria, his first since taking over from Aimé Jacquet. Frederic Dehu and Tony Vairelles, who play for Lens, are the only two players in the 18-man squad who have not played for France before. (AFP)

No Drugs Here, Says Juve

SOCCER The club doctor at Juventus, the Italian champion, responded Tuesday to accusations that doping is widespread in Italian soccer by saying that his club does not give its players illegal performance-enhancing drugs.

"Restoratives, that's to say amino acids, creatine, vitamins, mineral salts and water, are legal," said Riccardo Agricola, the club's chief medical officer. "Indeed, it would be a crime not to use them because the body needs to regain equilibrium after heavy exercise."

Vittorio Chiusano, the Juventus president, said the club would sue Zdenek Zeman, the Roma coach, who made the accusations, for "an underhand and ambiguous form of defamation."

Other coaches defended Zeman. "He knows what he's talking about," said Carlo Mazzone, coach at Bologna. "Everyone in soccer knows, even those who pretend not to." (Reuters)

NBA Discusses Refunds

BASKETBALL The National Basketball Association said Monday that season ticket payments will be refunded with interest if the work stoppage forces the cancellation of games — perhaps a signal that the league believes its lockout of players could last for months. (AP)

Recchi Sets Pay Record

HOCKEY Montreal Canadiens right wing Mark Recchi received the highest arbitration award in National Hockey League history, getting a one-year deal worth \$4.5 million. (AP)

Weaver Has Heart Attack

BASEBALL Earl Weaver, 67, the former Baltimore Orioles manager, suffered a heart attack near his Miami home last week, according to friends. Weaver spent "two or three days" in intensive care, but is now stable. (WP)

Hoddle Hiss-and-Tell
Tells a Tale of Greed

Spoiled Soccer Fraternity Sets Poor Example

By Rob Hughes
International Herald Tribune

LONDON — In the pious old days of English soccer, the Football Association had the reputation of being so out of step with the times that it would level the charge of "bringing the game into disrepute" at folks who so much as sneezed in authority's direction.

Now, anything goes. In a new book Glenn Hoddle, the England national team coach and as such the FA's most visible employee, describes Paul Gascoigne in lurid terms as drunk, ranting and abusive as he destroyed property in a hotel bedroom when told by Hoddle that he was being left out of the World Cup.

VANTAGE POINT

Hoddle doubtless has good reasons for breaching the trust, the unwritten bond of confidentiality, that might be expected of a team coach (effectively the employer) and a star player (the employee). Profit might be added to those reasons because "Glenn Hoddle: The 1998 World Cup Story" to be published by Andre Deutsch on Aug. 20, is being serialized by The Sun, Britain's highest circulation tabloid newspaper.

Page 1 was cleared Tuesday for a world exclusive "Drunk Gazza Trashed My Room." The paper ran pictures of the happy couple, Gascoigne and Hoddle, or "Gazza and Hodd," before their World Cup rupture, and another explicit headline, "Gazza Smashed His First Into the Lamp Next to Me... Shards of Glass Exploded All Around the Room."

When Gascoigne also kicked a chair with his bare foot, coach Hoddle was greatly concerned for the player's welfare. For sole or soul, he does not directly say, though for the blow-by-blow account of what took place in the "Royal Suite" of the Spanish hotel you may wish to pay £17.99 for the book.

What is clear from this hiss-and-tell diary is that Hoddle feels immune to any downward glances, any disapproving charge from his bosses at the FA.

The text is presented as "By Glenn Hoddle with David Davies." Davies is the FA director of communications.

Assuming, then, that this is the approved version of the dropping of Paul Gascoigne, an affair that riveted the English population up to the ejection during the World Cup of David Beckham, it is important and compelling literature. It also contains references to Gascoigne's troubled habits, his fluctuating personal life and, for example, the revelation that Gascoigne was distracted while on England duty in Casablanca when a newspaper published a picture of his wife, Sheryl, with "a new friend."

The good news for Gascoigne is that his country might still need his skills. "Gazza's England career is not finished under me," Hoddle wrote. "But there are five things he needs to do: stop drinking, get fitter than ever before, change his diet, learn to control his emotions and stay injury-free."

Personality transplants would not come free under Britain's National Health Service. But Our Gazza could afford one if such a thing existed. He, after all, told his story of how Hoddle's decision shattered his life — he told it, exclusively and for cash, to The Sun.

Gascoigne is 31. His magnetism lies in the fact that he embodies childhood in the physique of manhood. "A dog of war with the face of a child," Gianni Agnelli said admiringly of Gascoigne at the 1990 World Cup in Italy.

The wars are not yet over. Hoddle offers a remote hope of reconciliation, though another tabloid reports that, one week before the new season, Gascoigne frequented Jimmy's Bar in his native Newcastle. It was, the sleuths say, a series of late night/early morning celebrations of the 33d birthday of his pal Jimmy "Five Bellies" Gardner.

Enough! The legal eagles are listening. Mel Stein, Gascoigne's lawyer and agent, on Tuesday chastised Hoddle for revealing he thinks should have remained private. I'm inclined to agree, especially as Hoddle is so secretive a coach, usually so respectful of the prying media.

The public must despair at tales of the super rich, super spoiled soccer fraternity. Hollywood once thrived on notoriety, but Hollywood with a hangover was part of the act. Soccer is supposed to be a sport, for the fit and healthy, for professionals who respect the rules and the social burdens of fame. Players are role models for children everywhere.

The Gascoigne saga, now showing under the Hoddle label, is almost a played-out story. The refusal this week by players of Glasgow Celtic to attend a photo opportunity allegedly because they are trying to get the club's board of directors to double the £20,000 bonus to qualify for the European Champions' League is genuinely disreputable. Players already paid dream wages have no right to "strike" because they want a bigger bonus for performing what should be their purpose — to win soccer matches.

Readers might recall Pierre van Hooijdonk at Celtic two seasons ago. He walked out, claiming his enviable salary might be enough for a street cleaner. Nottingham Forest paid him much more, his 34 goals last season repaid the club with promotion to the Premier League. Now, his self-worth bloated by courtship from Fenerbahce of Turkey, he ignores his weekly £20,000 basic salary, refuses to train in England, and obliges Forest to put him up for sale.

The price is \$13 million — almost double what Forest paid for him last year. "In the old days, I might have been able to stop his wages and wait for Pierre to come to his senses," laments club manager Dave Bassett. "Now, players are so loaded, they call the tune. I just think it's a completely greedy game — like society, I suppose."

Not normal society. Greedy, we may be, but most people have to turn up to earn a living.

Rob Hughes is chief sports writer of The Times of London.



Tiger Woods teeing off during the first practice round for the 80th PGA Championship, which starts Thursday.

Els Aims High Among the Tall Trees
O'Meara, if He Wins 3d Major in a Year, Will Emulate Hogan

By Clifton Brown
New York Times Service

REDMOND, Washington — Ernie Els was asked about Sahalee Country Club, the site of this week's Professional Golfers Association Championship. Els looked at the tall trees lining the fairways and surveyed the picturesque setting about 22 miles northeast of downtown Seattle. After two practice rounds, Els had been told.

"It's brilliant," said Els, the two-time U.S. Open champion, on Monday as he prepared for the year's final major. "It's like playing in Switzerland with these tall trees. This is not your normal venue. The greens are beautiful, the layout flows from one hole to another. I love it."

Many of Els's peers echoed his endorsement as the Pacific Northwest looked forward to its first major since the 1946 PGA Championship in Portland, Oregon.

Most of the 150-man field had never seen Sahalee until this week, making it important to learn as much about the course as possible before play begins on Thursday. By Monday, most golfers had arrived and had played at least nine practice holes, trying to familiarize themselves with the nuances of the course.

This much was obvious. It will be crucial to keep the ball in the fairway and away from the towering, 100-foot (30 meters) tall — that line the fairways. Players who are erratic off the tee may begin to feel claustrophobic as they stand in the tee box, because the trees

make the fairways look narrower than they are.

The early feeling among players was that Sahalee would be demanding, but not as demanding as the Olympic Club in San Francisco was for the U.S. Open in June, when Lee Janzen won with a score of even par.

Sahalee is a par-70, 6,906-yard course this week, and long hitters might use their drivers only three or four times during a round.

Accuracy will be far more important than length. Two holes that are normally par-5s have been shortened slightly and

PGA CHAMPIONSHIP

converted to par-4s: No. 6 (480 yards) and No. 18 (475 yards). But while the rough at Sahalee is higher than normal this week, there will be birdie opportunities.

"The rough is bad, but not U.S. Open bad," Els said. "They don't need that kind of rough here, not with the trees they've got. If you miss the fairway, you just have to back it out anyway, because there's not much of a chance to reach the green. The rough is pretty tough around the greens, but overall, I don't think anything could be as bad as Olympic."

Much of the attention this week will focus on Mark O'Meara, winner of the Masters and the British Open, who will try to become the first man since Ben Hogan in 1953 to win three majors in one year. O'Meara, one of the game's better putters, is the type of player who could find his groove on Sahalee's relatively flat greens.

"You'll have to putt well to win this week," Els said. "That's why O'Meara has won two majors this year, because he has putted so well."

O'Meara's success has made many of the game's top players approach this week with a sense of urgency. Tiger Woods, the world's No. 1 player, is facing the prospect of not winning a major this year, as are the other major champions of 1997: Els, Justin Leonard and Davis Love III. Love is the defending PGA champion, winning his first major at Winged Foot Golf Club in Mamaroneck, New York, last year.

The PGA Championship has enjoyed its share of memorable moments this decade. Love's victory last year was poignant. A rainbow appeared in the sky as he approached the 18th green, evoking memories of his father, David Love Jr., a renowned teacher who died in a plane crash in 1988.

John Daly, because a celebrity when he won the 1991 PGA Championship, which he entered as a long-shot alternate and left as a long-hitting champion with a cult following.

Fred Couples, who grew up in Seattle, will be one of this year's sentimental favorites, as he tries to win a major just a short drive from where he was raised.

But Sahalee, a course that has never held a major, is about to be tested by the world's greatest players, and they all seemed eager for the challenge.

"One of my goals this year was to win a major, and I haven't done it," Els said. "I'm sure a lot of guys feel the same way. We're all looking forward to this."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE					
EAST DIVISION					
	W	L	Pct.	GB	
New York Yankees	85	29	74.6	—	
Baltimore Orioles	68	47	59.1	17½	
Boston Red Sox	61	56	52.1	24½	
Toronto Blue Jays	58	59	49.6	28½	
Tampa Bay Devil Rays	38	70	35.0	40½	
CENTRAL DIVISION					
	W	L	Pct.	GB	
Cleveland Indians	65	51	56.0	—	
Minnesota Twins	62	48	56.4	—	
Chicago White Sox	52	64	44.8	13	
Kansas City Royals	52	65	44.4	13½	
Seattle Mariners	46	66	39.7	19	
WEST DIVISION					
	W	L	Pct.	GB	
Texas Rangers	62	53	54.2	—	
Los Angeles Angels	62	53	54.2	—	
Oakland Athletics	52	66	44.1	12	
NATIONAL LEAGUE					
EAST DIVISION					
	W	L	Pct.	GB	
Atlanta Braves	79	29	64.9	—	
New York Mets	67	47	58.8	—	
Philadelphia Phillies	50	60	45.7	21½	
Montreal Expos	47	66	41.5	24½	
Florida Marlins	42	76	35.6	37	
CENTRAL DIVISION					
	W	L	Pct.	GB	
Houston Astros	72	46	61.0	—	
St. Louis Cardinals	65	54	54.6	—	
Chicago Cubs	56	60	48.2	14	
San Francisco Giants	56	61	47.9	14½	
Cincinnati Reds	53	65	44.9	19	
Pittsburgh Pirates	52	66	44.1	20	
WEST DIVISION					
	W	L	Pct.	GB	
San Diego Padres	76	42	64.4	—	
Los Angeles Dodgers	62	57	52.1	14½	
San Francisco Giants	60	58	50.8	16	
Colorado Rockies	54	65	45.4	22½	
Arizona Diamondbacks	44	74	37.3	32	
MONTREAL BEARS					
AMERICAN LEAGUE					
	W	L	Pct.	GB	
Baltimore Orioles	100	60	62.5	7-8	
Philadelphia Phillies	99	61	61.8	8-7	
San Francisco Giants	99	61	61.8	8-7	
Los Angeles Dodgers	99	61	61.8	8-7	
San Diego Padres	99	61	61.8	8-7	
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San Francisco Giants	99	61	61.8	8-7	
Los Angeles Dodgers	99	61	61.8	8-7	
San Diego Padres	99	61	61.8	8-7	
San Francisco Giants	99	61	61.8	8-7	
Los Angeles Dodgers	99	61	61.8	8-7	

SPORTS

Orioles Beat Devil Rays On 3-Hitter By 4 Hurlers

The Associated Press

ST. PETERSBURG, Florida — Four Baltimore pitchers combined on a three-hitter as the Orioles won, 2-1, against the Tampa Bay Devil Rays.

Juan Guzman gave up three hits before leaving with two outs in the sixth

AL Roundup

inning. Alan Mills, Jesse Orosco and Armando Benitez held the Devil Rays hitless the rest of the way.

Quinton McCracken tripled off Guzman with two outs in the sixth and scored when Wade Boggs beat out an infield single with a head-first slide.

Orosco turned away an eighth-inning threat by retiring Boggs and Fred McGriff with the tying run at second base, and Benitez worked a perfect ninth for his 16th save in 17 opportunities.

Cal Ripken had the defensive play of the game, making a diving backhand grab of McGriff's grounder and scrambling to his feet to throw the Devil Rays slugger out to end the eighth.

"There's a reason you play all them games in a row for that many years — because you're a great athlete," the Orioles manager, Ray Miller, said. "You adjust and you can do things. He's just got great positioning. And when Cal gets a hold of something, you're out."

Eric Davis went 2-for-4 and drove in one run to extend his Orioles-record hitting streak to 26 games.

His run-scoring double gave Baltimore a 1-0 lead in the first inning. Roberto Alomar added a run-scoring single that made it 2-0 in the sixth.

The victory was the sixth in seven games for the Orioles, who are a major league-best 23-6 since the All-Star break. Davis has hit in 28 of 29 games during the stretch.

Yankees 7, Twins 3 Hideki Irabu allowed just two hits in seven innings and New York moved 56 games above .500 for the first time in 37 years.

The Yankees are 85-29, having won five straight and improved to 43-8 at home. The last Yankees team to go 56 games over .500 was the 1961 World Series champions.

Irabu (11-5) hit the leadoff hitter Otis Nixon in the first, but did not give up a hit until Marty Cordova's leadoff single in the fifth. Scott Brosius and Bernie Williams homered for New York.

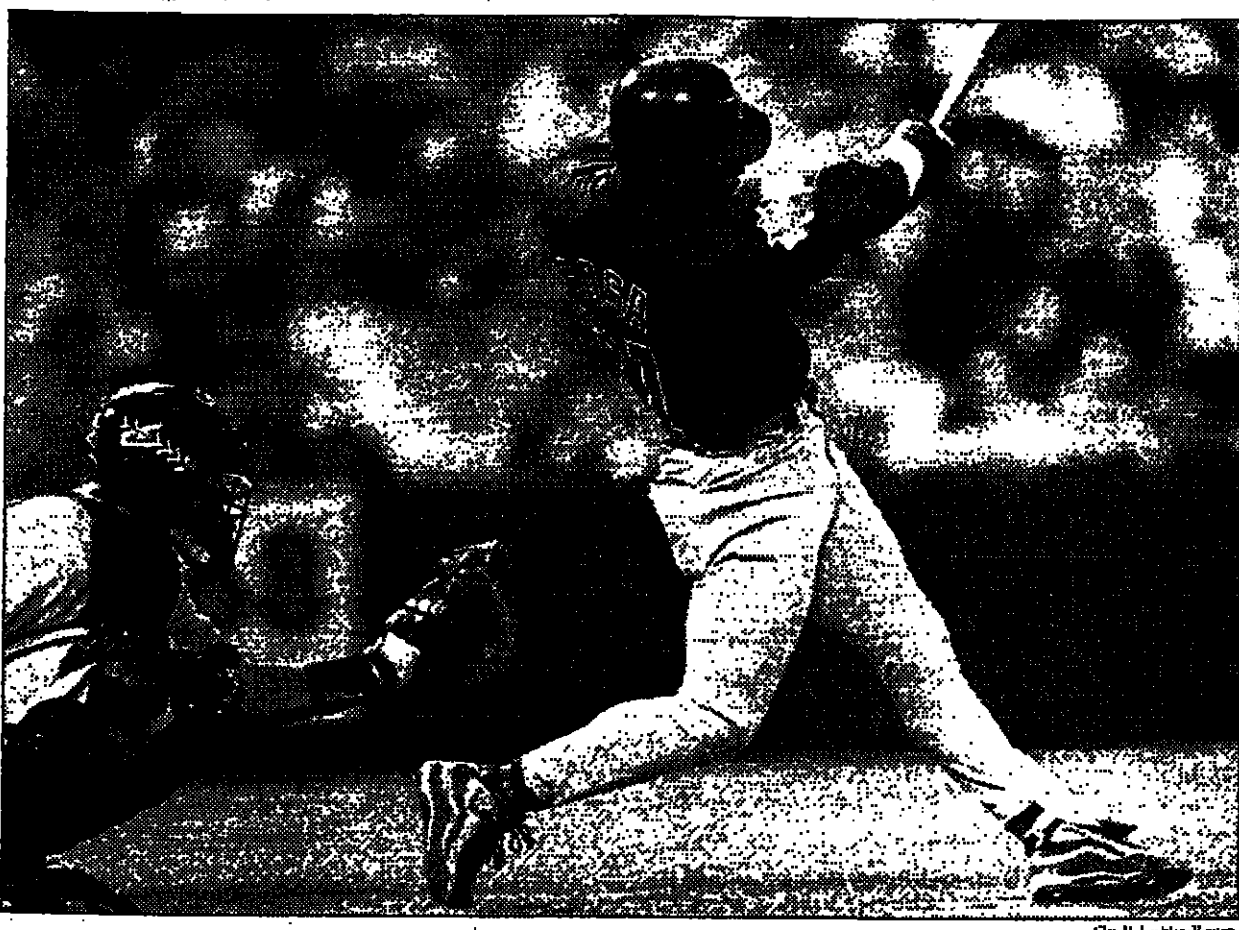
Angels 6, Tigers 2 In Detroit, Gary DiSarcina's double triggered a four-run second inning and Omar Olivares won for the first time since June 17 as Anaheim handed the Tigers their seventh straight loss.

Luis Gonzalez hit two homers for the Tigers to raise his season total to a career-high 16.

White Sox 9, Athletics 3 Robin Ventura hit a two-run homer and Jim Pargue won for the first time since June 15 as Chicago beat Oakland.

Ventura, who entered the game in a 4-for-26 slump, hit his 13th homer of the season in the sixth to give Chicago a 4-3 lead and help the host White Sox win for the fifth time in seven games.

Kenny Rogers (11-5) failed in his second attempt to get his 100th career victory, giving up five runs and eight hits in eight innings.



Sammy Sosa, the Cubs' right fielder, hitting his 45th homer of the year in San Francisco. He later hit his 46th.

Sosa Homers Twice To Tie McGwire at 46

While Cubs Enjoy Home Run Duel, Cardinal Slugger Reduced to Walks

The Associated Press

Sammy Sosa hit his 45th and 46th home runs to match Mark McGwire for the Major League lead as the Chicago Cubs beat the San Francisco Giants in a game that had seven homers.

With the winds blowing all over 3Com Park in San Francisco, Sosa hit a towering blast into the first row of the

NL Roundup

left-field bleachers in the fifth inning Monday. It was the first of three consecutive solo shots by the Cubs, who went on to win, 8-5.

Sosa's second homer cleared the center-field bleachers and was estimated at 480 feet. Although he has hit 37 homers in 66 games since May 25, Sosa maintained that McGwire is still the man most likely to break the Major League record for home runs in a season.

"He's still my idol," Sosa said. "I

still believe McGwire's the man, no matter what happens. He's the man. I still believe he's going to come back and keep rolling. I know he can do it."

Sosa and McGwire each need 16 homers to surpass Roger Maris's record of 61. The Cubs have 43 games remaining, the Cardinals 45.

With the victory, the Cubs held on to their half-game lead over the Mets in the race for the NL wild-card spot. The Giants, who have lost five straight to match their worst skid of the season, fell three games behind the Cubs.

Barry Bonds hit his third homer in two games, a three-run blast, and Jeff Kent added a solo shot two pitches later for the Giants in the third inning.

His 398th home run tied Bonds with Dale Murphy for 28th on the career list and moved him within two homers of becoming the first major leaguer with 400 homers and 400 stolen bases.

Rod Beck, returning for the first time to the ballpark he called home from 1991 to 1997, pitched the ninth, retiring Bonds on a fly ball to the wall in right for the final out, giving him 34 saves.

Mets 4, Cardinals 2 McGwire struck out three times as St. Louis lost to New York. Since hitting his 46th homer Saturday, he has walked seven times and struck out six times in 13 plate appearances.

Todd Handley hit his first home run this season, and Al Leiter (11-4) pitched seven strong innings for the visiting Mets.

Leiter helped silence McGwire, striking him out twice, and Turk Wendell struck him out once, with a runner on in the eighth, as the Cardinals' five-game winning streak ended.

John Olerud's hitting streak stopped at 23 games, one shy of the Mets club record set by Hubie Brooks in 1984.

Marlins 3, Padres 2 Livan Hernandez pitched a five-hitter in San Diego for the Marlins' seventh complete game, handing a former teammate, Kevin Brown, his first loss since May 21.

Brown (14-4) was trying to win his 12th straight decision.

Hernandez (10-8) allowed two runs, struck out six and walked four.

Astros 5, Brewers 2 In Houston, Sean Berry hit a tiebreaking three-run homer in the eighth, and Billy Wagner pitched a perfect ninth for his first save since being struck in the head by a line drive.

Berry, who was 3-for-4, smashed the first pitch thrown to him by Chad Fox after Jeff Bagwell and Moises Alou singled.

Alou added a two-run homer as the Astros won their fourth straight.

Wagner picked up his 23d save in his second appearance since he suffered a concussion and cut early when he was struck by a line drive July 15 at Arizona.

Phillies 3, Diamondbacks 0 In Phoenix, Curt Schilling (11-11) pitched a three-hitter in his Major League-leading 11th complete game.

Schilling struck out five and walked one as the Phillies won for just the second time in 12 games. He threw only 94 pitches in his second shutout this year.

Rockies 6, Expos 2 In Denver, Dante Bichette hit a grand slam in the seventh inning, breaking a 2-2 tie, after Larry Walker had a solo shot.

Now Leading the Majors, the Beanie Babies Team

Forget McGwire and Sosa — Baseball's Big Draws Are Stars Named Glory and Chip

By Richard Sandomir
New York Times Service

NEW YORK — Forget Mark McGwire, Sammy Sosa, Ken Griffey Jr., Kerry Wood and Juan Gonzalez. Baseball's real stars this season, the ones almost guaranteed to pack the house, are Peanut, Glory, Stretch, Valentino, Derby, Chip and Tuffy.

Meet the Beanie Babies, the fuzziest

saviors of baseball attendance. Beanie Babies have nothing to do with baseball and are not fashioned to a team's desires. The Cardinals' request for a Beanie Baby made to look like Fred Bird, their mascot, was denied, but Rocket the Blue Jay seems tailor-made for Toronto.

In any event, promotional giveaways of the plush toy animals have been unlike anything team officials had seen before. The Chicago Cubs persuaded the Beanie Babies' creator, Ty Inc. of Oak Brook, Illinois, to plunge into sports last year.

The prospect of snagging a free Beanie (and the numbered card of authenticity that comes with it) has led some fans to camp out overnight for tickets, an effort notably absent in the pursuit of traditional promotional handouts like hats, balls, T-shirts, caps, gloves, posters or schedule magnets.

"We've never had to hire extra security to hand out magnets," said David Alkio, the senior director of sales and marketing for the Oakland Athletics.

On Aug. 1, the A's drew 48,241 spectators — about 33,000 more than their average — when they bestowed Peanut the blue elephant on 15,000 youngsters 14 or under.

"Beanie Babies are our all-time best promotion," reported Gail Ruhling of the St. Louis Cardinals' corporate sales department.

The team's first promotion this season, which featured Stretch the ostrich, yielded a near-sellout May 22, giving

away 20,000 Smoochy the Frogs this Friday is expected to fill Busch Stadium.

At the All-Star Game at Coors Field in Denver last month, all 52,000 fans received Glory, a red, white and blue bear.

"I expected kids to clamor for it, but it was fun to watch grown men with their Beanie Babies," said Mark Garris, Major League Baseball's vice president for team services. "And you'd be surprised how many players have their own collections."

The Yankees have held two Beanie Baby days this season. The first, a Valentine the Bear giveaway, coincided with David Wells' perfect game May 17 and drew 49,820. The second, on Sunday, honored Stretch the ostrich, and drew 55,911. In both cases, 23,000 fans 14-and-under received the toys.

"In May, I could definitely say the Beanie Babies impacted attendance," said Debbie Tymon, the Yankees' director of marketing. "But I think we would have had the same crowd on Sunday without the Beanie Babies. They probably were a little icing on the cake."

BASEBALL HAS become a beneficiary of the Beanie Baby phenomenon. The 150 separate, whimsically named beanbag animals sell in specialty stores for \$5 to \$7, and are amassed in the hundreds, or thousands, by children and adults. Ty periodically ceases production of some characters, a scarcity-enforcing tactic that has made some "retired" Beanie Babies worth up to \$5,200 to the most rabid collectors.

At the stadiums, teams have been wary about collectors trying to induce the kids getting the giveaway toys to sell them on the spot.

Some have hired security or local police to maintain calm. At the Oakland giveaway, Alkio told an airplane towed a sign imploring: "Call Me for Your Beanie Babies."

Ty had no connection to the sports market when John McDonough, the Cubs' vice president of marketing, brought the toymaker a detailed promotional plan. He had been inspired by his daughter Colleen, a devoted Beanie Baby collector.

"I was helping her put her Beanie Babies in a basket," McDonough said, "and I said, 'Which one is this?' And she said, 'Cubbie.'"

The connection was immediate, and McDonough tracked down Ty, which does not have a listed phone number because of the huge volume of phone calls from customers.

McDonough and Ty plotted two dates last season that, when announced to fans, "immediately sold out," he said. "There were lines three blocks long."

Quickly, other baseball teams called him to find out how to reach Ty. "We anticipated the success of Beanie Babies in stadiums with children, and we knew ticket sales would be higher for games when they were given away," said Lori Tornitz, a publicist for the toymaker. "But it's become a phenomenon."

About 25 U.S. Major League teams have joined the Beanie world, she said. Five of the 10 Women's National Basketball Association teams have held Beanie giveaways this season; the National Hockey League's Chicago Blackhawks, St. Louis Blues and Pittsburgh Penguins will distribute the toys next season, as will the Chicago Bears (which recently put Beanie Babies in their fan club kit) and the Dallas Cowboys in the National Football League.

And it appears that the Beanie Babies are smart business: for at least one or two games a year, a team is guaranteed to draw thousands of young fans it might not otherwise attract.

Of course, some team officials report that a small segment of Beanie recipients leave without even attending the game.

"We can't control that," said Ruh-

ling of the Cardinals. "It's still paid attendance."

In addition, the cost of giving away anywhere from 10,000 to 52,000 Beanie Babies is negligible to the teams, who find sponsors to pick up the tab. Generally, mass quantities of Beanie Babies cost \$2.50 to \$3 each for sponsors like Haagen-Dazs and Chase Manhattan Bank, the backers of the Yankees' giveaways, or PepsiCo Inc. and Tribune Corp., which are paying for the Cubs' promotions.

DESPITE THE BEANIE Babies' popularity, which has grown exponentially since 1993, the Yankees' Tymon said that finding sponsors was difficult. "I kept saying, 'These are huge, you won't believe the impact they'll have,'" she said. "But it was a hard sell. It's not a cap or a schedule, and the Beanie Babies aren't customized with the sponsor logo."

That problem seems to have been eliminated. The promotions' success is obvious and the cards that accompany the toys bear the sponsors' names. "Now companies are calling me to see if teams need sponsors," said Tornitz of Ty Inc.

Sean Brenner, editor of Team Marketing Report, an industry newsletter, said, "The whole idea is to get people excited about going to the ballpark."

The notion may be anathema to fans who believe the game-is-the-thing, but the Beanie Babies are proving to be as valuable as a stack of McGwire's bats. So precious is the plush Beanie cargo that cartons full of them demand special security upon their secret delivery to each stadium.

"We have to schedule exactly to the minute when the product arrives, and the time when people meet us," Tornitz said. "Usually it's 24-hour security, especially if they are retired Beanie Babies."

As in baseball, the Beanie Baby Hall of Famers get special treatment.

DENNIS THE MENACE



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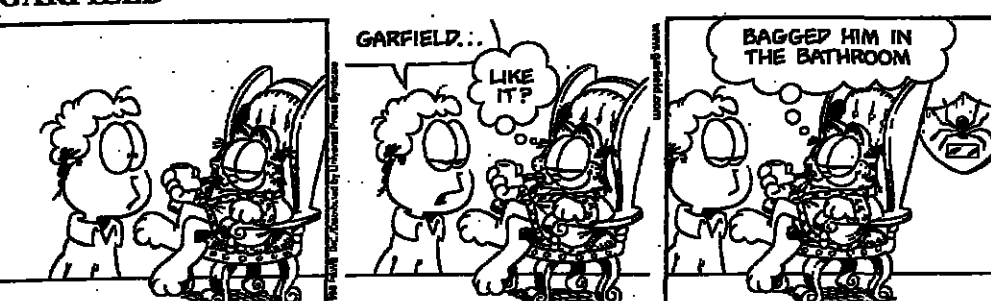
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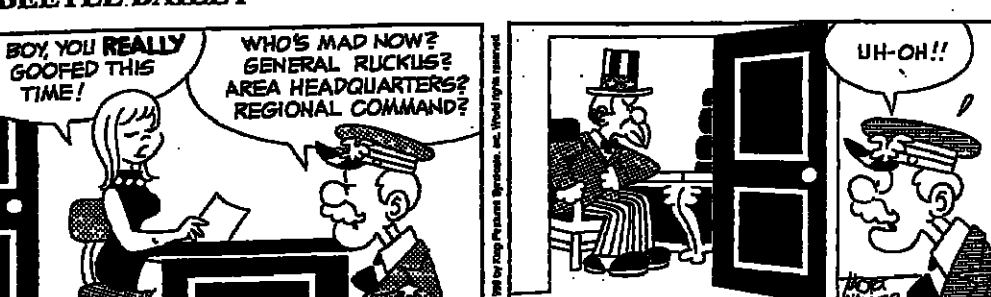
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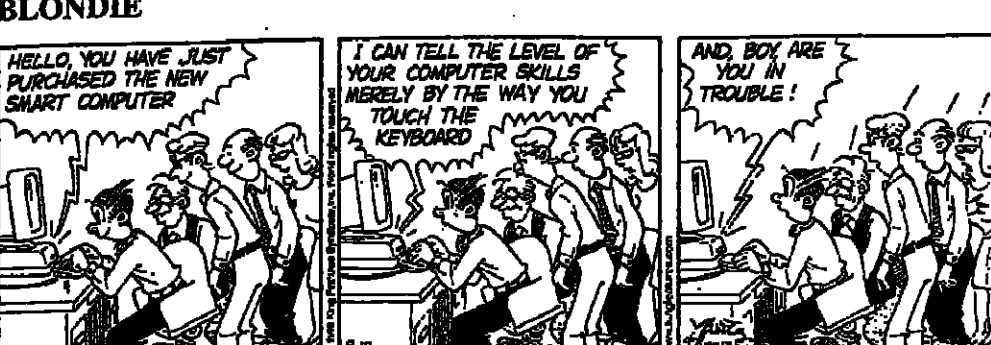
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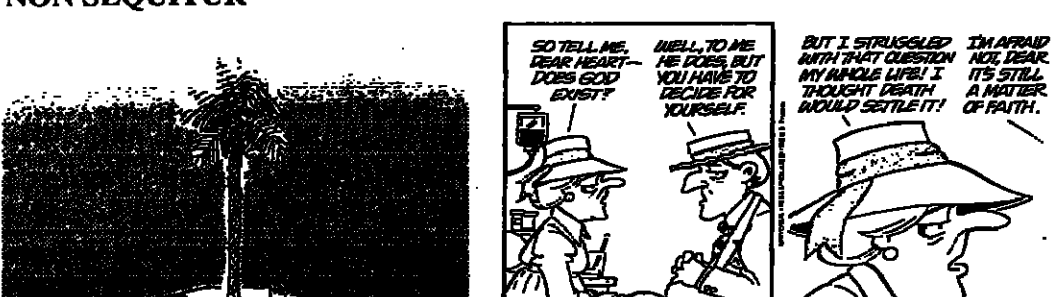
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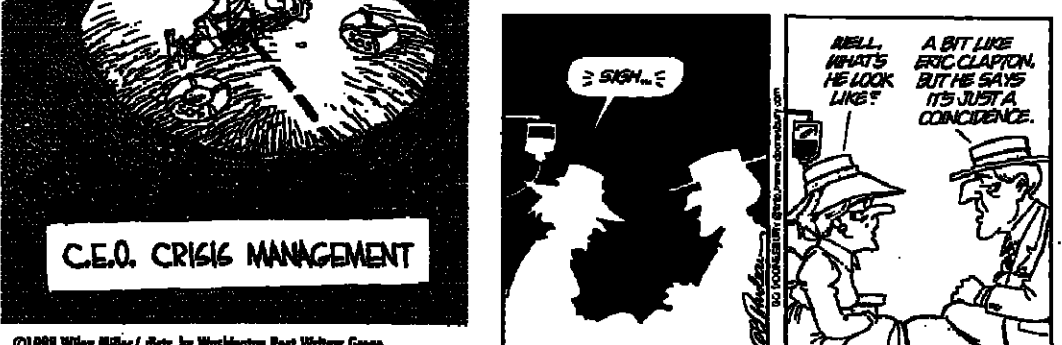
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JOURNAL

Coptic Church Rescue

By Douglas Jehl
New York Times Service

CAIRO — In a city whose modern sprawl so often threatens ancient treasures, the Egyptian government has begun an unusual effort to preserve a religious site that has suffered from years of neglect and bungled repairs.

The two-year project stands out because it targets not one of the Pharaonic temples or Islamic monuments for which Egypt is better known, but a Coptic Christian church in old Cairo, a crowded, gritty quarter often bypassed by visitors.

The 10th-century basilica, known as the Hanging Church, is built atop the remnants of a far more ancient Roman fortress. Its name refers to its precarious design: the floor of palm-wood beams hangs in midair, supported only at the edges by three Roman columns.

It is among the oldest churches of its kind in Cairo, but, until the \$6.7 million renovation began earlier this year, many here feared that it might be near collapse. The earthquake that rocked the city in 1992 left its walls badly cracked, while layers of paint fell regularly from its ceilings.

And although the church has been renovated several times in this century alone, some previous efforts had caused more damage than was repaired. In 1983 an engineer ordered that an interior column be removed, then watched in horror as the chapel ceiling it had supported came crashing to the floor, destroying all the artwork inside the chapel.

More recently — and more worryingly — a mysterious pool of ground water that had long sat at the foot of the Roman fortress had begun to rise steadily, carrying salts and bacteria that were weakening the pillars on which the structure rests.

The Hanging Church is atop the remnants of a far more ancient Roman fortress.

To some Coptic Christians, who make up about 10 percent of Egypt's population of 62 million, the fate of the Hanging Church had begun to seem like a metaphor for their ancient community, which many complain has been denied its due respect.

But now that the restoration is finally under way, Egyptian antiquities officials point to the church as an example of their commitment to preserving the country's multireligious heritage. "This is not a pharaonic, Islamic or religious issue," said Ali Hassan, then chairman of Egypt's Supreme Council of Antiquities, when the decision to go forward with the project was announced last fall. "This is about restoring monuments."

Officially, the site is called the Church of the Virgin, named for Mary, who is reputed to have once stayed the night just a few hundred meters away on the grounds of what is now St. Sargis Church. The Hanging Church is without domes but has a wooden roof in the shape of Noah's Ark, a symbol of salvation.

According to archeologists, the first Coptic church on the site was built late in the third century; the one now standing, itself more than 1,000 years old, replaced a church thought to have been burned down. It is decorated with icons carved from ebony and ivory; its three chapels, guarded by carved wooden screens, are dedicated to Christ, St. George and John the Baptist.

To the devout Copts, the importance of Coptic sites in Egypt has been elevated since 1996, when Pope Shenouda III, the Coptic patriarch, prohibited followers from visiting Christian holy sites in Jerusalem, a ruling meant to protest Israel's hard-line stance in negotiating a broader peace with the Arabs.

In Egypt, the headquarters of the church and home to the world's greatest concentration of Copts, church elders say its effect has been to transform the capital into a "second Jerusalem."

As repairs begin, the Reverend Jacob Soleiman, pastor of the Hanging Church, said in an interview that it was in large part for these reasons that he planned to continue to hold weekly services throughout the two-year renovation project, "even if we have to hold them in the hall."

Likewise, Coptic officials say they intend to keep the church open to visitors who still arrive, a few score a day, to marvel at the intimacy of its ancient art and woodwork. Worshipers and visitors will face some inconvenience at least until the end of 1999, when the project is scheduled to be completed.

Since work began six months ago, engineers have devoted nearly all their time to draining the ground water. With the help of noisy pumps, they have reduced the water level around the pillars by about five meters, while driving away thousands of bats who had found the humid quarters an ideal refuge.

But they fear that the water could threaten other sites in old Cairo, including a synagogue.

In preparation for the next stages of restoration a temporary home has been built for artwork that will have to be moved from the ancient structure. "Nothing lasts forever, but our job is to do the best we can," Father Soleiman said.

Why the Met Came to Show ... Judith Rothschild

By Judith H. Dobrynski
New York Times Service

NEW YORK — All her life, Judith Rothschild was a journeyman artist.

She studied art and worked steadily from the time she graduated from Wellesley College in 1943, exhibiting mainly in small, respectable galleries and always trying new ways to paint. But she never achieved much fame or following, and when she died in 1993 she was largely unknown to the public and to many in the art world.

Now she has landed her first retrospective: 31 works fill three galleries in the 20th-century wing of the Metropolitan Museum of Art. At the opening reception on May 18, at least half a dozen prominent museum directors turned up. And to draw attention to the show, the Met sprang for splashy ads in The New York Times, The New Yorker, The New York Observer and other publications in greater numbers than it usually does for a show of this size.

But Rothschild has not suddenly taken the art world by storm. Many curators, artists and other experts suspect that that was never the museum's point. Rather, they contend, over the museum's denial, that the Met had ulterior motives in scheduling the show, that it is less interested in her art than in the works by 20th-century masters that she left behind.

When Rothschild died, she put her own artworks into the Judith Rothschild Foundation, along with a group of paintings that she inherited from her parents. Among them were three works by Picasso, ten by Mondrian, five by Matisse, nine by Gris, four by Leger and two by Brancusi, all of which the foundation is eventually expected to sell or give away. To no one's surprise, museums are vying for them.

Using the standard gesture of an institution hoping for a gift, the National Gallery of Art in Washington, the Philadelphia Museum

of Art and the San Francisco Museum of Modern Art have already exhibited the Rothschild Family Collection of European paintings. The National Gallery later received a Picasso painting, a partial gift from Rothschild's sister.

Is the Met, which was not offered that show and did not ask for it, simply trying a twist on an old tactic?

"I was a little surprised that the Met was doing a Rothschild retrospective," said Maria Prather, curator of 20th-century art at the National Gallery.

"But everyone is hoping that something from the Rothschild collection will come their way. Rather than be one of the museums displaying the collection, the Met is doing a monographic show" of Rothschild's work, she added.

Others were more direct, though they declined to speak for attribution for fear of alienating the Metropolitan. "There's no possible explanation for the show except that they are waiting for the Rothschild collection," said one respected painter who insisted on anonymity. "I've never seen anything like it."

And Chuck Close, the portraitist, said, "The exhibition is a surprise to everyone I know, and people are free to figure out why it's there." (Not long ago Close derailed an exhibition of his work at the Met because it was not slated for the museum's most prestigious galleries. Instead, he had a retrospective this year at the Museum of Modern Art.)

Harold Holzer, the Met's



Judith Rothschild: The artist in 1946.

spokesman, denied any suggestion that the museum had an eye on the foundation's blue-chip holdings when it planned the Rothschild retrospective. "The Met's exhibition schedule is independent of its acquisition aspirations," he said.

William Lieberman, the Met's 20th-century art curator and the organizer of the Rothschild exhibition, also rejected the speculation about his rationale for the show, calling it "unguided itchiness," among other things less suitable for print.

Nor is there a connection in the eyes of Harvey Shipley Miller, who as sole trustee of the Rothschild Foundation has complete discretion to sell or donate its paintings. "The European painting collection has nothing to do with this show," he said.

But there is no denying that these are very competitive times for museums. Major works of art cost \$10 million and more, and the supply of museum-quality works that remains in private hands, potentially available for acquisition, is shrinking. Museum directors and curators spend an increasing amount of time on what they euphemistically call "patron development," what in reality is a fierce contest to woo donations from the rich or their estates.

Auction houses and art dealers are stepping up their courting of collectors, too. In February, for example, Christie's copied the standard museum model operandi when it exhibited and published a fancy \$45 catalog of the Herbig collection of contemporary art without a promise from the owner that it could sell the artworks. The strategy worked, and when Christie's put the collection on the block in June it fetched \$11.3 million.

At the same time, many museums are expanding, creating even more demand for great works of art.

"Museums need collectors more than ever now because of the impossibility of buying really good things," said George Abrams, a

Boston lawyer, collector of Old Master drawings and trustee of the Museum of Fine Arts in Boston. "There's no way a museum can spend \$10 million to \$15 million on a painting, and that's what it takes to buy a Matisse, say."

At most museums, donations now make up well over half of acquisitions, and at the Met the figure is over 90 percent. Holzer said, Lieberman has been widely quoted as saying, "I don't collect paintings. I collect collectors," a statement he denies. But he says that Alfred Barr, the founding director of the Museum of Modern Art, his former employer, called him "the curator of the collectors."

The Rothschild Family Collection was amassed by Herbert Rothschild, a furniture manufacturer and dealer, not part of the Rothschild banking family, and his wife, Nanette, with the guidance of their daughter Judith. When they died in the 1970s, they split their estate among their three children in a way that left most of the art to Judith.

Some critics say the collection is uneven, and no one would rank it with the best collections that the Met has captured over the years, like those of the Havesneyer family, Robert Lehman, Walter Annenberg or, most recently, Jacques and Natasha Gelman. All were chockablock with classic works by master artists.

But the Rothschild Family Collection does have enough gems to whet museums' appetites. Among the museum directors, besides Philippe de Montebello of the Met, looking at the art, sipping Champagne, nibbling smoked salmon and generally currying favor with Miller on May 18 were Earl Powell 3d of the National Gallery of Art, Glenn Lowry of the Museum of Modern Art, Anne d'Harnoncourt of the Philadelphia Museum of Art, David Ross of the San Francisco Museum of Modern Art and J. Carter Brown, director emeritus of the National Gallery.

PEOPLE

AN Ernest Hemingway manuscript about a safari and what is thought to be a real love affair he had with an African woman will be published on his 100th birthday. Variety reported. "True at First Light," a fictional memoir about his last African safari — and the purported affair while he was still married to his fourth wife, Mary Welsh — will be published by Scribner on July 21, 1999. The work is the last of four unfinished manuscripts to be published after his 1961 suicide. His son Patrick edited the manuscript. The manuscripts were smuggled out of Cuba by his wife, Mary, at the onset of the Cuban revolution.

The British poet laureate, Ted Hughes, has been named a member of the Order of Merit, one of the Britain's highest honors. Hughes, 68, who has been poet laureate since 1984, won acclaim this year for "Birthday Letters," a volume of poems chronicling his courtship and marriage to the American poet Sylvia Plath. Plath committed suicide in 1963 after Hughes left her for another woman. Membership in the Order of Merit is limited to Queen Elizabeth II and 24 others. Other members include former Prime Minister Margaret Thatcher, the actor John Gielgud and the violinist Yehudi Menuhin.

Even though he violated his probation by using drugs, Charlie Sheen will stay out of jail. A judge decided to extend

the actor's probation for an extra year instead of sending him to jail, saying that drug rehabilitation was a better solution.

The editor in chief of Cosmopolitan, Bonnie Fuller, who succeeded Helen Gurley Brown at the women's magazine, is leaving after just 18 months to become editor of its smaller rival Glamour. The Redbook editor in chief, Kate White, was named to succeed Fuller, effective immediately.

Pete Townshend will be there, as will Richie Havens, Stevie Nicks and the band Ten Years After. And the site, as usual, is Max Yasgur's farm in Bethel, New York. But beyond that, very little of this year's version of Woodstock will resemble the original. Called "A Day in the Garden," the concert is scheduled to run from Friday through Sunday and is heavy on performers who weren't even born when some 300,000 revelers first descended on the site in 1969, like the Goo Goo Dolls and Third Eye Blind.

Russian fans, who have waited 31 years, are finally going to hear the Rolling Stones perform. "Better late than never," Keith Richards quipped. The four middle-aged rockers were to play their first Russian concert in Moscow on Tuesday, three decades after applying for permission. The reason for the delay, Mick Jagger said, was "entirely political."



The Rolling Stones at St. Basil's on Red Square.



(take in a rock show)

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